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Business Address
777 MARINERS ISLAND
BOULEVARD
SAN MATEO CA 94404
4153122000

LETTER TO SHAREHOLDERS

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Dear Shareholder:

We are pleased to bring you the seventh annual report for the Franklin Templeton International Trust, which covers the fiscal year ended October 31, 1997. The Trust consists of the Templeton Pacific Growth Fund and the Templeton Foreign Smaller Companies Fund.

During the reporting period, stable interest rates, strong corporate earnings, and relatively low inflation levels characterized many economies around the world, and several international securities markets rose. However, not all equity markets performed well. Notably, some Asian countries suffered significant losses. And regardless of overall performance, many markets experienced extreme volatility along the way. For instance, during the week beginning October 27, 1997, Hong Kong's Hang Seng Index fell nearly 6% (Monday), tumbled by almost 14% (Tuesday), climbed approximately 19% (Wednesday), fell nearly 4% (Thursday), and finally rose about 3% (Friday).* As always, it is important to remember that volatility is a normal part of investing and that markets will experience ups and downs. Over the long term, however, stocks have historically provided impressive results. We therefore urge you to focus on achieving your long-term investment goals, rather than concentrating on short-term market cycles.

On the following pages, you will find detailed discussions about the Templeton Pacific Growth Fund and the Templeton Foreign Smaller Companies Fund. Although the funds have different investment objectives and strategies, their managers share a dedication to the principles of careful stock selection, broad diversification, and constant professional supervision. For information about how market conditions and management strategies have affected the funds' performance, please refer to the individual reports following this letter.

We thank you for your support, welcome your questions, and look forward to serving your investment needs in the years to come.

Sincerely,

Rupert H. Johnson, Jr.
President
Franklin Templeton International Trust

*Source: Bloomberg. Index is unmanaged. Change measured in local currency terms. One cannot invest directly in an index.

TEMPLETON PACIFIC GROWTH FUND

Your Fund's Objective: The Templeton Pacific Growth Fund seeks to provide long-term growth of capital by investing in equity securities of which at least 65% trade on markets in the Pacific Rim.

During the 12 months under review, Southeast Asian financial markets experienced severe volatility. On July 2, 1997, the Thai government, after months of attempting to ward off speculative attacks on its currency, devaluated the Thai baht and delinked it from the U.S. dollar. This move prompted similar attacks on the Philippine peso, the Malaysian ringgit, and the Indonesian rupiah. The virulence with which the attacks spread surprised virtually the entire investment community. It also served to highlight macroeconomic problems, such as slowing growth in exports, rising deficits, overvalued property markets, and weak banking systems, faced by many Southeast Asian nations.

GRAPHIC MATERIAL 1 OMITTED - SEE APPENDIX AT END OF DOCUMENT

Templeton Pacific
Growth Fund
Top 10 Industries

10/31/97

Industry	% of Total Net Assets
Transportation	10.6%
Multi-Industry	9.5%
Banking	9.3%
Real Estate	9.0%
Electrical & Electronics	4.8%
Telecommunications	4.5%
Construction & Housing	3.5%
Insurance	3.2%
Forest Products & Paper	3.2%
Chemicals	3.1%

This currency turmoil was reflected in the downward slide of many Pacific Rim stock markets during the fiscal year. Hardest hit were those of Thailand, which fell 59%, the Philippines, 45%, and Malaysia, 41%.¹ Not even the economies of Hong Kong, Singapore, and Taiwan were immune to volatility. Within this environment, the Fund's Class I shares delivered a cumulative total return of -24.42%, as discussed in the Performance Summary on page 7.

As you can see from the chart on page 3, Hong Kong continued to be the Fund's largest geographic exposure, representing 26.8% of total net assets on October 31, 1997. During most of the period under review, its economy remained robust, although its stock market did experience volatility. In fact, on October 23, 1997, the Hang Seng Index suffered a decline of 9.9% in U.S. dollar terms, which put it down nearly 30% for the month and off almost 35% since August.² Believing its stock was undervalued, we added to our position in Hong Kong Ferry Holdings,³ which operates ferry and related businesses, and is involved with other activities such as property investment and travel and hotel operations.

1. Source: Bloomberg. Price depreciation is measured in U.S. dollars and includes reinvested dividends.
2. Source: Bloomberg. Index is unmanaged and includes reinvested dividends. Change measured in U.S. dollar terms. One cannot invest directly in an index.
3. A complete listing of all stocks in the portfolio as of October 31, 1997, begins on page 31.
4. Source: Bloomberg. Based on quarterly percentage price change over 15 years ended September 30, 1997.

Despite an extremely strong 1997 for China's economy, we were seeing signs of a slowdown by the end of the reporting period. In the coming year, restructuring of the state-owned enterprise sector could cause further slowing, and Asian currency devaluations may affect China's competitive position in exports. During the period, we sold our shares of Beijing Yanhua Petrochemicals for a profit.

During the reporting period, we initiated a position in Tata Engineering & Locomotive Co. Ltd., an Indian manufacturer of commercial automotive vehicles, which we considered undervalued. And we sold our position in Brambles Industries Ltd., based in Australia, because its stock reached our sell-price target.

At the end of the period, we believed that although Southeast Asian markets could experience further declines, they could provide excellent opportunities for purchasing shares of companies unfairly punished by generalized fear concerning the economic circumstances of these countries. In our opinion, the Pacific Rim continues to offer a variety of investment opportunities and the economies of these countries are storehouses of value in the long run. However, macroeconomic performance and varying government responses indicated that the economic recoveries in this region may not be uniform. We believe that Thailand and Japan probably have a long road ahead of them, while Indonesia could recover more rapidly. Asian currency crises have prompted many emerging market governments in the region to take steps designed to increase the rewards and reduce the risks of investing there, and we look forward to reaping the long-term benefits of recent declines in prices of Pacific Rim equities.

Templeton Pacific
Growth Fund
Top 10 Holdings

10/31/97 Company, Industry, Country	% of Total Net Assets
Hong Kong Telecommunications Ltd., Telecommunications, Hong Kong	2.7%
Cheung Kong Holdings Ltd., Multi-Industry, Hong Kong	2.7%
Sun Hung Kai Properties Ltd., Real Estate, Hong Kong	2.6%
New World Development Ltd., Real Estate, Hong Kong	2.3%
East Japan Railway, C, Transportation, Japan	2.2%
Development Bank of Singapore Ltd., Banking, Singapore	2.1%
HSBC Holdings Plc., Banking, Hong Kong	2.0%
Coles Myer Ltd., Merchandising, Australia	2.0%
Jardine Matheson Holdings Ltd., Multi-Industry, Hong Kong	2.0%
Parkway Holdings Ltd., Real Estate, Singapore	1.9%

For a complete list of portfolio holdings, please see page 31 of this report.

"We look forward to reaping the long-term benefits of recent declines in prices of Pacific Rim equities."

Please remember, this discussion reflects our views and opinions as of October 31, 1997, the end of the reporting period. However, market and economic conditions are changing constantly which may affect our strategies and portfolio holdings. Although historic performance is no guarantee of future results, these insights may help you understand our investment and management philosophy.

There are, of course, special risks involved with investing in a portfolio of securities concentrated in a single geographic region that also contains emerging markets. These risks include market and currency volatility, economic, social, and political uncertainty, and in some cases the relatively small size and lesser liquidity of these markets. Investing in any emerging market means accepting a certain amount of volatility and, in some cases, severe market corrections. While short-term volatility can be disconcerting, declines of as much as 40% to 50% are not unusual in emerging markets. For example, Hong Kong's equity market has increased 1,523% in the last 15 years, but has suffered four declines of more than 20% during that time.⁴

Class I

The Templeton Pacific Growth Fund - Class I provided a -24.42% cumulative total return for the one-year period ended October 31, 1997. Cumulative total return measures the change in value of an investment, assuming reinvestment of dividends and capital gains, if any, and does not include the sales charge. However, we have always maintained a long-term perspective when managing the Fund, and we encourage shareholders to view their investments in a similar manner. As you can see from the table on page 9, the Fund's Class I shares produced a cumulative total return of more than 31% since its inception on September 20, 1991.

The Fund's Class I share price decreased \$3.62, from \$14.50 on October 31, 1996, to \$10.88 on October 31, 1997. During the reporting period, shareholders received per-share distributions of 11.0 cents (\$0.110) in income dividends. Distributions will vary depending on income earned by the Fund and any profits realized from the sale of securities in the portfolio, as well as the level of the Fund's operating expenses.

The graph on page 8 compares the performance of the Templeton Pacific Growth Fund - Class I and the Morgan Stanley Capital International (R) (MSCI) Pacific Index since the Fund's inception on September 20, 1991. The MSCI Pacific Index includes approximately 525 companies in Australia, Hong Kong, Japan, New Zealand, Singapore, and Malaysia.

GRAPHIC MATERIAL 2 OMITTED - SEE APPENDIX AT END OF DOCUMENT

Keep in mind that an unmanaged market index has inherent performance differentials in comparison with any fund. An index doesn't pay management fees to cover salaries of security analysts or portfolio managers, or pay commissions or market spreads to buy and sell securities. Unlike an index, mutual funds are never 100% invested because they need to have cash on hand to redeem shares. In addition, the performance shown for the Fund includes the maximum initial sales charge, all Fund expenses and account fees. The index's performance would have been lower if the Fund's costs had been applied to it. Please remember that an index is simply a measure of performance, and one cannot invest in it directly.

Templeton Pacific Growth Fund - Class I
Periods ended 10/31/97

	One-Year	Since Inception Three-Year	Five-Year	(9/20/91)
Cumulative Total Return	-24.42%	-20.56%	19.30%	31.74%
Average Annual Total Return ²	-28.74%	-9.20%	2.37%	3.60%
Value of \$10,000				
Investment ³	\$7,126	\$7,487	\$11,249	\$12,416
	10/31/93	10/31/94	10/31/95	10/31/96
One-Year Total Return ⁴	38.46%	8.46%	-5.54%	11.27%
				10/31/97
				-24.42%

1. Cumulative total return represents the change in value of an investment over the indicated periods and does not include the sales charge.
2. Average annual total return represents the average annual change in value of an investment over the indicated periods and includes the maximum 5.75% initial sales charge.
3. These figures represent the value of a hypothetical \$10,000 investment in the Fund over the indicated periods and include the maximum 5.75% initial sales charge.
4. One-year total return represents the change in value of an investment over the indicated periods ended on the specified dates and does not include the sales charge.

Note: Total returns have been restated to reflect the current maximum initial sales charge: 5.75%. Prior to January 1, 1997, Fund shares were offered at a lower initial sales charge. Thus, actual returns would have been higher. All calculations assume reinvestment of dividends and capital gains at net asset value. Past expense waivers by the Fund's manager increased the Fund's total returns. Without these waivers, the Fund's total returns would have been lower.

Investment return and principal value will fluctuate with market conditions, currency volatility and the social, economic and political climates of countries where investments are made. Emerging markets involve heightened risks related to the same factors, in addition to those associated with the relatively small size and lesser liquidity of these markets. You may have a gain or loss when you sell your shares.

Class II

Templeton Pacific Growth Fund - Class II produced a cumulative total return of -28.28% from January 2, 1997 (commencement of sales), through October 31, 1997. Cumulative total return measures the change in value of an investment, assuming reinvestment of dividends and capital gains, and does not include sales charges.

The Fund's Class II share price decreased \$4.29, from \$15.10 on January 2, 1997 (commencement sales) to \$10.81 on October 31, 1997. During the reporting period, shareholders received per-share distributions of 2.8 cents (\$0.028) in income dividends. Distributions will vary depending on income earned by the Fund and any profits realized from the sale of securities in the portfolio, as well as the level of the Fund's operating expenses.

The graph on page 12 compares the performance of the Templeton Pacific Growth Fund - Class II and the Morgan Stanley Capital

International(R) (MSCI) Pacific Index since the Fund's inception on January 1, 1997. The MSCI Pacific Index includes approximately 525 companies in Australia, Hong Kong, Japan, New Zealand, Singapore, and Malaysia.

Keep in mind that an unmanaged market index has inherent performance differentials in comparison with any fund. An index doesn't pay management fees to cover salaries of security analysts or portfolio managers, or pay commissions or market spreads to buy and sell securities. Unlike an index, mutual funds are never 100% invested because they need to have cash on hand to redeem shares. In addition, the performance shown for the Fund includes sales charges, all Fund expenses and account fees. The index's performance would have been lower if the Fund's costs had been applied to it. Please remember that an index is simply a measure of performance, and one cannot invest in it directly.

GRAPHIC MATERIAL 3 OMITTED - SEE APPENDIX AT END OF DOCUMENT

Templeton Pacific Growth Fund - Class II
Period ended 10/31/97

Since
Inception

(1/1/97)

Cumulative Total Return***	-28.28%
Aggregate Total Return***	-29.71%

***Cumulative total return represents the change in value of an investment over the indicated period and does not include sales charges. Aggregate total return represents the change in value of an investment over the indicated period and includes the 1.0% contingent deferred sales charge, applicable to shares redeemed within the first 18 months of investment. Since Class II shares have existed for less than one year, average annual total returns are not provided. Investment return and principal value will fluctuate with market conditions, currency volatility and the social, economic and political climates of countries where investments are made. Emerging markets involve heightened risks related to the same factors, in addition to those associated with the relatively small size and lesser liquidity of these markets. You may have a gain or loss when you sell your shares.

Advisor Class

The Templeton Pacific Growth Fund - Advisor Class produced a cumulative total return of -27.74% for the period from January 2, 1997 (commencement of sales), through October 31, 1997. Cumulative total return measures the change in value of an investment, assuming reinvestment of dividends and capital gains.

The Fund's Advisor Class share price decreased \$4.22, from \$15.10 to \$10.88 over

the same period. During the reporting period, shareholders received per-share distributions of 4.26 cents (\$0.0426) in income dividends. Distributions will vary depending on income earned by the Fund and any profits realized from the sale of securities in the portfolio, as well as the level of the Fund's operating expenses.

The graph on page 14 compares the performance of the Templeton Pacific Growth Fund - Advisor Class and the Morgan Stanley Capital International(R) (MSCI) Pacific Index since the Fund's inception on September 20, 1991. For periods prior to January 2, 1997, the Fund performance is that of the Fund's Class I shares, excluding the initial sales charge, but including Class I expenses. The MSCI

Pacific Index includes approximately 525 companies in Australia, Hong Kong, Japan, New Zealand, Singapore, and Malaysia.

GRAPHIC MATERIAL 4 OMITTED - SEE APPENDIX AT END OF DOCUMENT

Keep in mind that an unmanaged market index has inherent performance differentials in comparison with any fund. An index doesn't pay management fees to cover salaries of security analysts or portfolio managers, or pay commissions or market spreads to buy and sell securities. Unlike an index, mutual funds are never 100% invested because they need to have cash on hand to redeem shares. In addition, the performance shown for the Fund includes all Fund expenses and account fees. The index's performance would have been lower if the Fund's costs had been applied to it. Please remember that an index is simply a measure of performance, and one cannot invest in it directly.

Templeton Pacific Growth Fund - Advisor Class

Periods ended 10/31/97

	Since Inception of the Fund			
	One-Year*	Three-Year*	Five-Year*(9/20/91)*	
Cumulative				
Total Return1	-24.38%	-20.52%	19.36%	31.81%
Average Annual				
Total Return1	-24.38%	-7.37%	3.60%	4.62%
Value of \$10,000				
Investment2	\$7,562	\$7,948	\$11,936	\$13,181
	10/31/93*	10/31/94*	10/31/95*	10/31/96*
One-Year				
Total Return3	38.46%	8.46%	-5.48%	11.27%
				10/31/97*
				-24.38%

*On January 2, 1997, the Fund began selling Advisor Class shares to certain eligible investors as described in the prospectus. This share class does not have sales charges or Rule 12b-1 plans. Performance quotations have been calculated as follows: (a) For periods prior to January 2, 1997, figures reflect the Fund's Class I performance, excluding the effect of the Class I maximum initial sales charge, but including the effect of Class I expenses including Rule 12b-1 fees; and (b) for periods after January 1, 1997, figures reflect actual Advisor Class performance including the deduction of all fees and expenses applicable only to that class. Since January 2, 1997 (commencement of sales), the cumulative total return of Advisor Class shares was -27.74%.

1. Cumulative total return represents the change in value of an investment over the periods indicated. Average annual total return represents the average annual change in value of an investment over the periods indicated.

2. These figures represent the value of a hypothetical \$10,000 investment in the Fund over the periods indicated.

3. One-year total return represents the change in value of an investment over the one-year periods ended on the specified dates.

All calculations assume reinvestment of dividends and capital gains at net asset value. Past expense waivers by the Fund's manager increased the Fund's total returns. Without these waivers, the Fund's total returns would have been lower. Investment return and principal value will fluctuate with market conditions, currency volatility and the social, economic and political climates of countries where investments are made. Emerging markets involve heightened risks related to

the same factors, in addition to those associated with the relatively small size and lesser liquidity of these markets. You may have a gain or loss when you sell your shares.

PERFORMANCE SUMMARY

Past performance is not predictive of future results.

GRAPHIC MATERIAL 5 OMITTED - SEE APPENDIX AT END OF DOCUMENT

TEMPLETON FOREIGN SMALLER COMPANIES FUND

Your Fund's Objective: The Templeton Foreign Smaller Companies Fund seeks to provide long-term growth of capital by investing primarily in equity securities of small capitalization companies -- those with a market capitalization of \$1 billion or less at the time of investment -- outside the United States.

We are pleased to bring you this annual report for the Templeton Foreign Smaller Companies Fund, which covers the 12 months ended October 31, 1997. During this period, many international equity markets performed well except Asian markets, which did not. As discussed in the Performance Summary on page 20, the Fund's Class I shares delivered a +14.25% cumulative total return, significantly outperforming the Morgan Stanley Capital International(R) Europe, Australasia, Far East (MSCI EAFE) Index's return of 4.92%.1

The Fund's performance benefited from its European exposure (53.2% of total net assets on October 31, 1997) as economic recovery, subdued inflation, consolidation, corporate restructuring, and healthy corporate profits drove many European markets to record levels. For example, the stock markets of the U.K., Spain, Sweden, Switzerland, and the Netherlands all climbed more than 20% in U.S. dollar terms during the period. On October 31, 1997, the Fund's largest European weightings were the U.K. (14.5% of total net assets), the Netherlands (8.7%), Sweden (5.1%), Switzerland (4.3%), and Spain (4.1%). During the reporting period, we purchased shares in Hazlewood Foods,2 a food-processing company based in the U.K. We considered the stock attractively valued in light of the company's improving fundamentals.

The Fund also benefited from its relatively modest exposure to Asia, where stock markets fell sharply due to currency crises in the region. In early July 1997, Thailand allowed its currency, the baht, to depreciate against other currencies. Worries over this, as well as the depth of the country's economic problems, led to substantial declines in Thailand's stock market. Similar situations quickly emerged in neighboring countries, and by the end of September, the equity markets of Malaysia, Indonesia, and the Philippines had each lost more than 40% of their value in U.S. dollar terms. Since we had viewed Southeast Asian markets as relatively high-priced prior to these crises, and had found few companies whose stock prices seemed attractive, we were not significantly impacted by these market declines. Our largest Asian exposure was Hong Kong, but we steadily reduced this weighting following the July handover of the former British colony to China.

Although we are optimistic about the long-term growth potential of international equity markets, their relatively high valuation levels at the end of the period made identifying undervalued securities particularly challenging. However, recent stock market corrections in many countries, from Hong Kong to the U.S., may enable our analysts to uncover investment bargains. While no one can reliably predict the direction of the markets in the near term, we are confident that our disciplined approach to identifying small capitalization stocks should reward long-term investors.

Templeton Foreign
Smaller Companies Fund
Top 10 Industries

10/31/97

% of Total

Industry	Net Assets
Food & Household Products	8.8%
Merchandising	7.5%
Banking	6.6%
Transportation	5.9%
Industrial Components	5.8%
Multi-Industry	5.0%
Broadcasting & Publishing	5.0%
Metals & Mining	4.9%
Building Materials & Components	4.6%
Business & Public Services	4.1%

Of course, there are risks involved in investing in a fund seeking long-term capital growth from small or relatively new or unseasoned companies, such as relatively small revenues, limited production lines and small market share. In addition, investing in international markets involves special risks related to market and currency volatility, and adverse economic, social, and political developments. Emerging markets are subject to heightened risks, as well as those associated with the relatively small size and lesser liquidity of these markets. Investing in any emerging market means accepting a certain amount of volatility and, in some cases, severe market corrections. While short-term volatility can be disconcerting, declines of as much as 40% to 50% are not unusual in emerging markets. For example, the Hong Kong equity market has increased 1,523% in the last 15 years, but has suffered four declines of more than 20% during that time.³

Please remember, this discussion reflects our views and opinions as of October 31, 1997, the end of the reporting period. However, market and economic conditions are changing constantly which may affect our strategies and portfolio holdings. Although historic performance is no guarantee of future results, these insights may help you understand our investment and management philosophy.

1. Source: AIM (Micropal). Index is unmanaged and includes reinvested dividends. One cannot invest directly in an index.
2. A complete listing of all stocks in the portfolio as of October 31, 1997, begins on page 37.
3. Source: Bloomberg. Based on quarterly percentage price change over the 15 years ended September 30, 1997.

Templeton Foreign
Smaller Companies Fund
Top 10 Holdings

10/31/97

Company, Industry, Country	% of Total Net Assets
Weir Group Plc., Industrial Components, United Kingdom	1.5%
Hazlewood Foods Plc., Food & Household Products, United Kingdom	1.5%
Oshawa Group Ltd. (The), Food & Household Products, Canada	1.5%
GTC Transcontinental Group Ltd., Broadcasting & Publishing, Canada	1.4%
Kardex AG, br., Business & Public Services, Switzerland	1.2%
Sentrachem Ltd., Chemicals, South Africa	1.2%
Perkins Foods Plc., Food & Household Products, United Kingdom	1.2%
Lex Service Plc., Business & Public Services,	1.2%

United Kingdom Laird Group Plc., Machinery & Engineering, United Kingdom	1.2%
Anangel - American Shipholdings Ltd., ADR, Transportation, Greece	1.1%

For a complete list of portfolio holdings, please see page 37 of this report.

The lead portfolio manager of the Fund since June 1997 is Simon Rudolph. Mr. Rudolph is a vice president of Templeton Investment Counsel, Inc. He holds a BA in economic history from Durham University in England, and is a Chartered Accountant and a member of the Institute of Chartered Accountants of England and Wales. Mr. Rudolph has been a securities analyst since 1986. Before joining the Franklin Templeton organization in 1997, he was an executive director with Morgan Stanley and was responsible for analysis of continental European insurance companies. Currently, Mr. Rudolph has research responsibilities for the shipping industry, small-cap Asian companies and country coverage of India.

Peter A. Nori and Juan J. Benito-Martin exercise secondary portfolio management responsibilities for the Fund. Mr. Nori is a vice president of Templeton Investment Counsel, Inc. He holds a BS in finance and an MBA with an emphasis in finance from the University of San Francisco. He is a Chartered Financial Analyst and a member of the Association for Investment Management and Research. Mr. Nori completed Franklin's management training program before moving into portfolio research in 1990 as an equity analyst and co-portfolio manager of the Franklin Convertible Securities Fund. He joined the Templeton organization in 1994. As a portfolio manager and research analyst, Mr. Nori currently manages several separate accounts and a variable annuity product. He has global research responsibilities for the steel and data processing industries, and country coverage of Austria. Mr. Benito-Martin is currently a portfolio manager and research analyst with Templeton Investment Counsel, Inc. He holds an MBA from the Harvard Business School and a BS/MS in engineering from the Polytechnical University of Valencia, Spain. Prior to joining the Templeton organization in 1996, Mr. Benito-Martin was a management consultant and case team leader with Monitor Company, a leading global strategy consulting firm in Cambridge, Massachusetts (1994-1996). His previous experience includes being an internal planning consultant with Duke Power (1993-1994), a business development consultant with IBM Consulting Group (1992), and a regional manager with Iberdrola, a large power utility company in Spain (1987-1991). Mr. Benito-Martin's research responsibilities include coverage of European small cap companies.

Class I

Templeton Foreign Smaller Companies Fund - Class I provided a +14.25% cumulative total return for the one-year period ended October 31, 1997. Cumulative total return measures the change in value of an investment, assuming reinvestment of dividends and capital gains, if any, and does not include the sales charge. We have always maintained a long-term perspective when managing the Fund, and we encourage shareholders to view their investments in a similar manner. As you can see from the table on page 23, the Fund's Class I shares produced a cumulative total return of more than +105% since its inception on September 20, 1991.

The Fund's Class I share price increased \$0.88, from \$14.18 on October 31, 1996, to \$15.06 on October 31, 1997. During the reporting period, shareholders received per-share distributions of 32.0 cents (\$0.32) in income dividends, 14.0 cents (\$0.14) in short-term capital gains, and 57.0 cents (\$0.57) in long-term capital gains. Distributions will vary depending on income earned by the Fund and any profits realized from the sale of securities in the portfolio, as well as the level of the Fund's operating expenses.

The graph on page 22 compares the performance of Templeton Foreign Smaller Companies Fund and the Morgan Stanley Capital International(R) Europe, Australasia, Far East (MSCI EAFE) Index since the Fund's inception on September 20, 1991. The MSCI EAFE index includes approximately 1,000 companies representing the stock markets of 20 countries including Germany, France, Australia, New Zealand, and Japan.

Keep in mind that an unmanaged market index has inherent performance

differentials in comparison with any fund. An index does not pay management fees to cover salaries of security analysts or portfolio managers, or pay commissions or market spreads to buy and sell securities. Unlike an index, mutual funds are never 100% invested because they need to have cash on hand to redeem shares. In addition, the performance shown for the Fund includes the maximum initial sales charge, all Fund expenses and account fees. The index's performance would have been lower if the Fund's costs had been applied to it. Please remember that an index is simply a measure of performance, and one cannot invest in it directly.

GRAPHIC MATERIAL 6 OMITTED - SEE APPENDIX AT END OF DOCUMENT

Templeton Foreign Smaller Companies Fund - Class I

Periods ended 10/31/97

	Since Inception				
	One-Year	Three-Year	Five-Year (9/20/91)		
Cumulative					
Total Return ¹	14.25%	37.74%	101.04%	105.20%	
Average Annual					
Total Return ²	7.65%	9.09%	13.63%	11.39%	
Value of \$10,000					
Investment ³	\$10,765	\$12,982	\$18,948	\$19,340	
	10/31/93	10/31/94	10/31/95	10/31/96	10/31/97
One-Year					
Total Return ⁴	27.40%	14.56%	1.75%	18.49%	14.25%

1. Cumulative total return represents the change in value of an investment over the indicated periods and does not include the sales charge.

2. Average annual total return represents the average annual change in value of an investment over the indicated periods and includes the maximum 5.75% initial sales charge.

3. These figures represent the value of a hypothetical \$10,000 investment in the Fund over the indicated periods and include the maximum 5.75% initial sales charge.

4. One-year total return represents the change in value of an investment over the indicated periods ended on the specified dates and does not include the sales charge.

Note: Total returns have been restated to reflect the current maximum initial sales charge: 5.75%. Prior to January 1, 1997, Fund shares were offered at a lower initial sales charge. Thus, actual returns would have been higher. All calculations assume reinvestment of dividends and capital gains at net asset value. Past expense waivers by the Fund's manager increased the Fund's total returns. Without these waivers, the Funds total returns would have been lower. Investment return and principal value will fluctuate with market conditions, currency volatility and the social, economic and political climates of countries where investments are made. Emerging markets involve heightened risks related to the same factors, in addition to those associated with the relatively small size and lesser liquidity of these markets. You may have a gain or loss when you sell your shares.

The Fund's manager has agreed in advance to waive a portion of the management fees and to make certain payments to reduce expenses, which increases yield and total return to shareholders. The fee waiver may be discontinued at any time upon notice to the Fund's Board.

Advisor Class

The Templeton Foreign Smaller Companies Fund - Advisor Class produced a cumulative total return of +8.43% for the period from January 2, 1997 (commencement of sales), through October 31, 1997. Cumulative total return measures the change in value of an investment assuming reinvestment of dividends and capital gains.

The Fund's Advisor Class share price increased \$1.09, from \$14.00 on January 2,

1997 to \$15.09 on October 31, 1997. During the reporting period, shareholders received per-share distributions of 8.98 cents (\$0.0898) in income dividends. Distributions will vary depending on income earned by the Fund and any profits realized from the sale of securities in the portfolio, as well as the level of the Fund's operating expenses.

The graph on page 26 compares the performance of the Templeton Foreign Smaller Companies Fund - Advisor Class with the performance of the Morgan Stanley Capital International(R) Europe, Australasia, Far East (MSCI EAFE) Index since the Fund's inception on September 20, 1991. For periods prior to January 2, 1997, the Fund performance is that of the Fund's Class I shares, excluding the initial sales charge, but including Class I expenses. The MSCI EAFE Index includes approximately 1,000 companies representing the stock markets of 20 countries including Germany, France, Australia, New Zealand, and Japan.

Keep in mind that an unmanaged market index has inherent performance differentials in comparison with any fund. An index doesn't pay management fees to cover salaries of security analysts or portfolio managers, or pay commissions or market spreads to buy and sell securities. Unlike an index, mutual funds are never 100% invested because they need to have cash on hand to redeem shares. In addition, the performance shown for the Fund includes all Fund expenses and account fees. The index's performance would have been lower if the Fund's costs had been applied to it. Please remember that an index is simply a measure of performance, and one cannot invest in it directly.

GRAPHIC MATERIAL 7 OMITTED - SEE APPENDIX AT END OF DOCUMENT

Templeton Foreign Smaller Companies Fund - Advisor Class
Periods ended 10/31/97

	Since Inception of the Fund				
	One-Year*	Three-Year*	Five-Year*	(9/20/91)*	
Cumulative					
Total Return1	14.55%	38.11%	101.56%	105.73%	
Average Annual					
Total Return1	14.55%	11.36%	15.05%	12.53%	
Value of \$10,000					
Investment2	\$11,455	\$13,811	\$20,156	\$20,573	
	10/31/93*	10/31/94*	10/31/95*	10/31/96*	10/31/97*
One-Year Total					
Return3	27.40%	14.56%	1.75%	18.49%	14.55%

*On January 2, 1997, the Fund began selling Advisor Class shares to certain eligible investors as described in the prospectus. This share class does not have sales charges or Rule 12b-1 plans. Performance quotations have been calculated as follows: (a) For periods prior to January 2, 1997, figures reflect the Fund's Class I performance, excluding the effect of the Class I maximum initial sales charge, but including the effect of Class I expenses including Rule 12b-1 fees; and (b) for periods after January 1, 1997, figures reflect actual Advisor Class performance including the deduction of all fees and expenses applicable only to that class. Since January 2, 1997 (commencement of sales), the cumulative total return of Advisor Class shares was 8.43%.

1. Cumulative total return represents the change in value of an investment over the periods indicated. Average annual total return represents the average annual change in value of an investment over the periods indicated.

2. These figures represent the value of a hypothetical \$10,000 investment in the Fund over the periods indicated.

3. One-year total return represents the change in value of an investment over the one-year periods ended on the specified dates.

All calculations assume reinvestment of dividends and capital gains at net asset value. Past expense waivers by the Fund's manager increased the Fund's total returns. Without these waivers, the Fund's total return would have been lower. Investment return and principal value will fluctuate with market conditions, currency volatility and the social, economic and political climates of countries where investments are made. Emerging markets involve heightened risks related to the same factors, in addition to those associated with the relatively small size and lesser liquidity of these markets. You may have a gain or loss when you sell your shares.

The Fund's manager has agreed in advance to waive a portion of its management fees and to make certain payments to reduce expenses, which increases yield and total return to shareholders. The fee waiver may be discontinued at any time upon notice to the Fund's Board.

Past performance is not predictive of future results.

FRANKLIN TEMPLETON INTERNATIONAL TRUST
Financial Highlights

Templeton Pacific Growth Fund

<TABLE>
<CAPTION>

	Class I				
	Year Ended October 31,				
	1997	1996	1995	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>
Per Share Operating Performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$ 14.50	\$ 14.11	\$ 15.40	\$ 14.44	\$ 10.90
Income from investment operations:					
Net investment income	.14	.12	.15	.21	.19
Net realized and unrealized gain(loss)	(3.65)	1.41	(1.01)	1.01	3.83
Total from investment operations	(3.51)	1.53	(0.86)	1.22	4.02
Less distributions:					
Dividends from net investment income	(.11)	(.21)	(.16)	(.20)	(.19)
Distributions from net realized gains	--	(.93)	(.27)	(.06)	(.28)
Total distributions	(.11)	(1.14)	(.43)	(.26)	(.48)
Net asset value, end of year	\$ 10.88	\$ 14.50	\$ 14.11	\$ 15.40	\$ 14.44
Total Return+	(24.42%)	11.27%	(5.54%)	8.46%	38.46%
Ratios/Supplemental Data					
Net assets, end of year (000's)	\$40,958	\$59,740	\$50,247	\$58,241	\$22,619
Ratio to average net assets:					
Expenses	1.63%	1.52%	1.72%	1.22%	.50%
Expenses excluding waiver and payment by affiliates	1.63%	1.52%	1.72%	1.72%	2.31%
Net investment income	.97%	1.06%	1.04%	1.54%	2.03%
Portfolio turnover rate	24.79%	13.48%	36.21%	9.16%	47.52%
Average commission rate paid*	\$.0061	\$.0092	--	--	--

+Total return does not reflect sales commissions and is not annualized.

*Relates to purchases and sales of equity securities. Prior to fiscal year end 1996, disclosure of average commission rate was not required.

	Class II
	1997++
<S>	<C>
Per Share Operating Performance (for a share outstanding throughout the year)	
Net asset value, beginning of year	\$15.10
Income from investment operations:	
Net investment income	.05
Net realized and unrealized loss	(4.31)
Total from investment operations	(4.26)
Less distributions:	
Dividends from net investment income	(.03)
Total distributions	(.03)

Net asset value, end of year	\$10.81
Total Return+	(28.28%)
Ratios/Supplemental Data	
Net assets, end of year (000's)	\$2,307
Ratio to average net assets:	
Expenses	2.48%**
Net investment income	.93%**
Portfolio turnover rate	24.79%
Average commission rate paid*	\$0.0061

+Total return does not reflect sales commissions or the contingent deferred sales charge and is not annualized. ++For the period January 2, 1997 (effective date) to October 31, 1997.

*Relates to purchases and sales of equity securities.

**Annualized

Advisor Class

1997++

Per Share Operating Performance (for a share outstanding throughout the year)	
Net asset value, beginning of year \$15.10 Income from investment operations:	
Net investment income	.12
Net realized and unrealized loss	(4.30)
Total from investment operations	(4.18)
Less distributions:	
Dividends from net investment income	(.04)
Total distributions	(.04)
Net asset value, end of year	\$10.88
Total Return+	(27.74%)
Ratios/Supplemental Data	
Net assets, end of year (000's)	\$1,357
Ratio to average net assets:	
Expenses	1.48%**
Net investment income	1.55%**
Portfolio turnover rate	24.79%
Average commission rate paid	\$0.0061

</TABLE>

+Total return is not annualized.

++For the period January 2, 1997 (effective date) to October 31, 1997.

*Relates to purchases and sales of equity securities.

**Annualized

See notes to financial statements.

FRANKLIN TEMPLETON INTERNATIONAL TRUST
Statement of Investments, October 31, 1997

<TABLE>

<CAPTION>

Templeton Pacific Growth Fund	COUNTRY	SHARES/ WARRANTS	VALUE
<S>	<C>	<C>	<C>
Common Stocks & Warrants 85.5%			
Appliances & Household Durables 1.4%			
Sony Corp.	Japan	7,400	\$ 614,258

Banking 9.3%		
Bangkok Bank Public Co. Ltd., fgn.	Thailand	111,400 381,320
Development Bank of Singapore Ltd., fgn.	Singapore	100,000 933,333
HSBC Holdings Plc.	Hong Kong	39,840 901,766
Industrial Finance Corp. of Thailand, fgn.	Thailand	320,833 266,707
Krung Thai Bank	Thailand	482,600 162,243
*Philippine National Bank	Philippines	124,382 289,464
PT Bank Bali, fgn.	Indonesia	494,000 239,806
PT Bank Pan Indonesia TBK	Indonesia	1,138,500 260,544
Singapore Finance Ltd., fgn.	Singapore	275,000 256,667
Thai Farmers Bank Public Co. Ltd.	Thailand	37,140 73,100
Thai Farmers Bank Public Co. Ltd., fgn.	Thailand	143,060 384,758
*Thai Farmers Bank Public Co. Ltd., fgn., wts.	Thailand	11,357 3,957

		4,153,665

Broadcasting & Publishing 0.7%		
South China Morning Post Ltd.	Hong Kong	368,000 318,903

Building Materials & Components 1.1%		
Gujarat Ambuja Cements Ltd., GDR	India	41,300 354,148
Hi Cement Corp.	Philippines	1,283,000 115,814

		469,962

Chemicals 3.1%		
Fauji Fertilizer Co. Ltd.	Pakistan	267,100 594,823
Shanghai Petrochemical Co. Ltd., H	China	2,899,000 778,041

		1,372,864

Construction & Housing 3.5%		
City Developments Ltd., fgn.	Singapore	140,200 587,505
Daito Trust Construction Co. Ltd.	Japan	61,500 546,780
Road King Infrastructure Ltd.	Hong Kong	679,000 439,113

		1,573,398

Electrical & Electronics 4.8%		
Dongfang Electrical Machinery Co. Ltd., H	China	1,784,000 403,803
*Gold Peak Industries (Holdings) Ltd., wts.	Hong Kong	140,000 11,951
Great Wall Electronic International Ltd.	Hong Kong	2,430,000 188,579
Hitachi Ltd.	Japan	90,200 693,270
Matsushita Electric Industrial Co. Ltd.	Japan	49,000 822,435

		2,120,038

Electronic Components & Instruments 0.3%		
Solid Group Inc .	Philippines	2,322,000 142,792

Energy Sources 1.2%		
*Hub Power Co. Ltd., GDR, reg.S	Pakistan	16,000 518,000

Financial Services 2.4%		
Commerce Asset-Holding Bhd, fgn.	Malaysia	283,200 \$ 220,885
*Commerce Asset-Holding Bhd, fgn., wts.	Malaysia	29,500 4,948
Industrial Credit & Inv. Corp. of India, GDR, 144A	India	48,600 716,850
Public Finance Bhd., fgn.	Malaysia	255,000 125,454

		1,068,137

Food & Household Products 0.9%		
Chareon Pokphand Feedmill Public Co. Ltd., fgn.	Thailand	151,500 388,936

Forest Products & Paper 3.2%		
*Asia Pacific Resources International Hldgs. Ltd., A	Indonesia	93,275 367,270
Carter Holt Harvey Ltd.	New Zealand	400,900 698,937
Fletcher Challenge Paper Ltd.	New Zealand	43,100 70,848
*P T Tjiwi Kimia TBK, wts.	Indonesia	56,765 5,118
PT Barito Pacific Timber, fgn.	Indonesia	200,000 116,505

PT Pabrik Kertas Tjiwi Kimia, fgn.	Indonesia	408,709	150,219

			1,408,897

Insurance 3.2%			
GIO Australia Holdings Ltd.	Australia	277,869	711,297
National Mutual Asia Ltd.	Hong Kong	800,000	724,310

			1,435,607

Leisure & Tourism 1.8%			
Grand Hotel Holdings Ltd.	Hong Kong	508,000	182,332
Toei Co. Ltd.	Japan	128,000	606,232

			788,564

Machinery & Engineering 2.0%			
Tata Engineering & Locomotive Co., GDR	India	53,400	570,045
Van Der Horst Ltd.	Singapore	391,000	342,590

			912,635

Merchandising 2.9%			
Coles Myer Ltd., A	Australia	187,000	899,513
Matsuzakaya Co. Ltd.	Japan	94,500	416,161

			1,315,674

Metals & Mining 2.4%			
Nittetsu Mining Co. Ltd.	Japan	105,000	588,035
Pohang Iron & Steel Co. Ltd.	South Korea	11,100	493,858

			1,081,893

Misc Materials & Commodities 1.3%			
Golden Hope Plantations Bhd., fgn.	Malaysia	451,000	589,879

Multi-Industry 9.5%			
Cheung Kong Holdings Ltd.	Hong Kong	170,300	1,183,939
Hicom Holdings BHD	Malaysia	295,000	250,442
Hutchison Whampoa Ltd.	Hong Kong	83,000	574,339
Jardine Matheson Holdings Ltd. (Singapore)	Hong Kong	137,924	882,714
Multi-Industry (cont.)			
Sime Darby Bhd., fgn.	Malaysia	327,600	\$ 471,720
Swire Pacific Ltd., A	Hong Kong	62,500	333,861
Wheelock and Co. Ltd.	Hong Kong	490,000	557,718

			4,254,733

Real Estate 8.9%			
Asean Resources Holdings Ltd.	Hong Kong	1,900,381	366,238
*Filinvest Land Inc.	Philippines	930,000	83,949
Hon Kwok Land Investment Co. Ltd.	Hong Kong	1,708,364	366,796
Lai Sun Development Co. Ltd.	Hong Kong	317,000	131,204
New World Development Co. Ltd.	Hong Kong	285,664	1,004,987
Parkway Holdings Ltd., fgn.	Singapore	340,000	859,175
Sun Hung Kai Properties Ltd.	Hong Kong	160,000	1,179,590

			3,991,939

Recreation & Other Consumer Goods 0.6%			
Nintendo Co. Ltd.	Japan	3,000	259,244

Telecommunications 4.5%			
Hong Kong Telecommunications Ltd.	Hong Kong	625,869	1,198,068
Pakistan Telecommunications Corp., A	Pakistan	940,000	791,415

			1,989,483

Textiles & Apparel 2.8%			
Nisshinbo Industries Inc.	Japan	120,000	792,688
PT Indorama Synthetics, fgn.	Indonesia	733,862	442,760

PT Panasia Indosyntec, fgn.	Indonesia	315,000	24,029

			1,259,477

Transportation 10.6%			
Cathay Pacific Airways Ltd.	Hong Kong	630,000	664,101
East Japan Railway Co.	Japan	200	972,165
Great Eastern Shipping Co. Ltd., GDR	India	24,100	180,750
Guangshen Railway Co. Ltd., ADR	China	31,400	459,225
GZI Transport Ltd., 144A	China	174,000	56,262
GZI Transport Ltd.	China	550,000	177,844
*GZI Transport Ltd., wts. 144A	China	34,800	945
Hitachi Zosen Corp.	Japan	88,000	193,768
Hong Kong Ferry Holdings Co. Ltd.	Hong Kong	290,000	397,594
Malaysian International Shipping Corp. Bhd., fgn.	Malaysia	317,333	533,093
Mayne Nickless Ltd., A	Australia	102,400	468,083
Qantas Airways Ltd., ADR, 144A	Australia	35,800	639,030

			4,742,860

Utilities Electrical & Gas 1.8%			
China Light & Power Co. Ltd.	Hong Kong	69,000	363,228
Shandong Huaneng Power Development Co. Ltd., ADR	China	59,500	442,531

			805,759

Wholesale & International Trade 1.3%			
Brierley Investments Ltd.	New Zealand	746,000	\$ 575,976

Total Common Stocks & Warrants (Cost \$48,440,185)			38,153,573

			PRINCIPAL
			AMOUNT**
Convertible Bonds 0.1%			
MDX Public Co. Ltd., 4.75%, conv., 9/17/03 (Cost \$221,564)	Thailand	192,000	37,440
Short Term Investments 0.9%			-----
U.S. Treasury Bills, 5.30% to 5.16%, with maturities to 1/22/98 (Cost \$409,719)	United States	412,000	409,911

Total Investments before Repurchase Agreements (Cost \$49,071,468)			38,600,924

Repurchase Agreement 4.2%			
HSBC Securities, Inc., 5.66%, 11/3/97 (Maturity Value \$1,871,822) (Cost \$1,871,000) Collateralized by U.S. Treasury Notes	United States	1,871,000	1,871,000

Total Investments (Cost \$50,942,468) 90.7%			40,471,924
Other Assets, less Liabilities 9.3%			4,149,326

Total Net Assets 100.0%			\$44,621,250
			=====

</TABLE>

*Non-income producing

**Securities traded in U.S. Dollars.

FRANKLIN TEMPLETON INTERNATIONAL TRUST
Financial Highlights

Templeton Foreign Smaller Companies Fund

<TABLE>

<CAPTION>

Class I

Year Ended October 31,

	1997	1996	1995	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>
Per Share Operating Performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$ 14.18	\$ 13.23	\$ 13.83	\$ 12.28	\$ 10.02
Income from investment operations:					
Net investment income	.27	.35	.25	.23	.42
Net realized and unrealized gain(loss)	1.64	1.88	(.08)	1.54	2.25
Total from investment operations	1.91	2.23	0.17	1.77	2.67
Less distributions:					
Dividends from net investment income	(.32)	(.25)	(.19)	(.22)	(.41)
Distributions from net realized gains	(.71)	(1.03)	(.59)	--	--
Total distributions	(1.03)	(1.28)	(.78)	(.22)	(.41)
Net asset value, end of year	\$ 15.06	\$ 14.18	\$ 13.23	\$ 13.83	\$ 12.28
Total Return+	14.25%	18.49%	1.75%	14.56%	27.40%
Ratios/Supplemental Data					
Net assets, end of year (000's)	\$121,619	\$67,967	\$50,947	\$57,854	\$19,217
Ratio to average net assets:					
Expenses	1.48%	1.53%	1.63%	1.22%	.50%
Expenses excluding waiver and payment by affiliates	1.58%	1.53%	1.63%	1.76%	2.27%
Net investment income	2.01%	2.50%	1.86%	1.99%	4.22%
Portfolio turnover rate	33.62%	40.46%	9.12%	21.80%	52.99%
Average commission rate paid*	\$.0029	\$.0026	--	--	--

+Total return does not reflect sales commissions and is not annualized.

*Relates to purchases and sales of equity securities. Prior to fiscal year end 1996, disclosure of average commission rate was not required.

	Advisor Class 1997++ <C>
<S>	
Per Share Operating Performance (for a share outstanding throughout the year)	
Net asset value, beginning of year \$14.00	
Income from investment operations:	
Net investment income	.20
Net realized and unrealized gain	.98
Total from investment operations	1.18
Less distributions:	
Dividends from net investment income	(.09)
Total distributions	(.09)
Net asset value, end of year	\$15.09
Total Return+	8.43%
Ratios/Supplemental Data	
Net assets, end of year (000's)	\$3,726
Ratio to average net assets:	
Expenses	1.24%**
Expenses excluding waiver and payment by affiliates	1.36%**
Net investment income	2.66%**
Portfolio turnover rate	33.62%
Average commission rate paid*	\$.0029

+Total return is not annualized.

++For the period January 2, 1997 (effective date) to October 31, 1997.

*Relates to purchases and sales of equity securities.

**Annualized

</TABLE>

FRANKLIN TEMPLETON INTERNATIONAL TRUST
Statement of Investments, October 31, 1997
<TABLE>
<CAPTION>

Templeton Foreign Smaller Companies Fund <S>	COUNTRY <C>	SHARES <C>	VALUE <C>
Aerospace & Military tech 0.3%			
Hong Kong Aircraft Engineering Co. Ltd.	Hong Kong	137,100	\$ 352,880
Appliances & Household Durables 0.9%			
Email Ltd.	Australia	183,625	488,127
Fisher & Paykel Ltd.	New Zealand	32,337	102,687
Guangdong Kelon Electrical Hldgs Ltd., H, 144A	China	440,000	557,718

			1,148,532

Automobiles 1.1%			
Bilia AB	Sweden	67,000	1,046,609
Volvo AB, B	Sweden	13,900	363,743

			1,410,352

Banking 5.7%			
Banco de Andalucia SA	Spain	2,500	395,271
Banco de Valencia SA	Spain	11,066	222,507
Banco Pastor SA	Spain	11,500	857,737
BPI Sociada de Gestora de Participacoes Socias SA	Portugal	12,012	270,159
Commercial International Bank LTD, GDR, 144A	Egypt	49,100	1,061,788
Ergo Bank SA	Greece	9,472	564,766
Korea Long Term Credit Bank	South Korea	42,336	340,444
PT Bank Bali, fgn.	Indonesia	369,000	179,126
Singapore Finance Ltd., fgn.	Singapore	465,000	434,000
Svenska Handelsbanken, A	Sweden	22,650	716,705
*Unibanco Uniao de Bancos Brasileiros SA, GDR	Brazil	27,500	749,375
Union Bank of Norway, Primary Capital Cert.	Norway	38,700	1,345,021

			7,136,899

Beverages & Tobacco 1.0%			
Sinocan Holdings Ltd.	Hong Kong	3,425,000	1,207,156

Broadcasting & Publishing 4.5%			
*Apt Sattellite Holdings Ltd., ADR	Hong Kong	78,000	1,218,750
Cordiant Plc.	United Kingdom	469,200	983,994
GTC Transcontinental Group Ltd., B	Canada	200,000	1,724,199
Marieberg Tidnings AB, A	Sweden	44,100	1,177,586
NV Holdingsmij de Telegraaf	Netherlands	23,520	484,574
Sing Tao Holdings Ltd.	Hong Kong	200	65

			5,589,168

Building Materials & Components 4.6%			
Anglian Group Plc.	United Kingdom	91,700	376,160
Cementos Diamante SA, ADR, 144A	Colombia	50,714	675,150
Gujarat Ambuja Cements Ltd., GDR	India	143,750	1,232,656
Pioneer International Ltd.	Australia	241,300	638,050
Sarna Kunststoff Holding AG	Switzerland	330	402,885
Schuttersveld NV	Netherlands	41,482	961,468
Siam City Cement Public Co. Ltd., fgn.	Thailand	130,200	187,819
Suez Cement Co., GDR, 144A	Egypt	54,000	1,116,990
Uralita SA	Spain	16,606	176,368

			5,767,546

Business & Public Services 4.1%			
Adecco SA	Switzerland	1,855	\$ 602,013

Esselte AB, B	Sweden	13,100	285,092
*ISS International Service System AS, B	Denmark	30,700	931,424
Kardex AG, br.	Switzerland	5,110	1,541,409
Lex Service Plc.	United Kingdom	208,000	1,465,673
Scribona AB, B	Sweden	19,500	257,747

			5,083,358

Chemicals 2.4%			
Akzo Nobel NV	Netherlands	2,380	419,365
DSM NV	Netherlands	2,900	261,844
Energia e Industrias Aragonesas Eia SA	Spain	129,000	838,008
Sentrachem Ltd.	South Africa	640,000	1,502,753

			3,021,970

Construction & Housing 2.6%			
Dragados y Construcciones SA	Spain	25,600	519,145
Hollandsche Beton Groep NV	Netherlands	38,000	761,370
Kumagai Gumi Hong Kong Ltd.	Hong Kong	393,000	360,900
Sirti SpA	Italy	63,700	378,738
*Sociedade Construcoes Soares da Costa SA	Portugal	135,800	1,042,536
Wai Kee Holdings Ltd.	Hong Kong	971,361	168,353

			3,231,042

Electrical & Electronics 2.1%			
Philips Electronics NV	Netherlands	13,200	1,033,428
Tadiran Ltd., ADR	Israel	34,000	1,283,500
Techtronic Industries Co. Ltd.	Hong Kong	1,978,000	363,288

			2,680,216

Electronic Components & Instruments 1.0%			
Swisslog Holding AG	Switzerland	5,500	428,016
VTech Holdings Ltd.	Hong Kong	429,000	837,858

			1,265,874

Energy Sources 0.4%			
Societe Elf Aquitaine SA	France	3,738	462,694

Financial Services 0.8%			
London Pacific Group Ltd.	United Kingdom	154,800	541,504
Peregrine Investments Holdings Ltd.	Hong Kong	500,000	491,496

			1,033,000

Food & Household Products 7.8%			
Albert Fisher Group Plc.	United Kingdom	693,111	433,165
C P Pokphand Co. Ltd.	Hong Kong	2,608,100	624,068
Hazlewood Foods Plc.	United Kingdom	832,000	1,898,396
Hillsdown Holdings Plc.	United Kingdom	338,900	960,910
McBride Plc.	United Kingdom	314,100	906,403
Melco International Development Ltd.	Hong Kong	1,462,250	434,996
Food & Household Products (cont.)			
National Foods Ltd.	Australia	827,471	\$ 1,192,933
Oshawa Group Ltd. (The)	Canada	109,850	1,894,033
Perkins Foods Plc.	United Kingdom	911,500	1,468,089

			9,812,993

Forest Products & Paper 2.3%			
Cartiere Burgo SpA	Italy	58,788	352,728
Enso OY, R	Finland	49,700	471,709
Fletcher Challenge Ltd. Forestry Division	New Zealand	329,000	317,520
Primex Forest Products Ltd.	Canada	225,000	1,117,536
Stora Kopparbergs Bergslags AB, B	Sweden	44,500	611,957

			2,871,450

Health & Personal Care 0.9%			

Nycomed ASA, B	Norway	43,132	1,075,611

Industrial Components 5.8%			
*Granges AB	Sweden	47,656	779,431
Lucas Varity Plc.	United Kingdom	310,000	1,057,102
Meggitt Plc.	United Kingdom	184,049	453,915
Otra NV	Netherlands	84,000	1,341,231
Sylea SA	France	13,540	1,197,140
Weir Group Plc.	United Kingdom	414,100	1,920,989
Yamato Kogyo Co. Ltd.	Japan	66,000	520,980

			7,270,788

Insurance 2.0%			
ACE Ltd.	Bermuda	8,800	817,850
Baloise-Holding	Switzerland	360	647,699
GIO Australia Holdings Ltd.	Australia	89,237	228,431
Ing Groep NV	Netherlands	8,469	355,510
London Insurance Group Inc.	Canada	18,200	438,422

			2,487,912

Leisure & Tourism 0.9%			
Kuoni Reisen Holding AG, B	Switzerland	200	756,791
Tourism Holdings Ltd.	New Zealand	297,000	332,868

			1,089,659

Machinery & Engineering 2.5%			
Bucherer AG Luzern, fgn.	Switzerland	740	697,919
China International Marine Containers Inc., B	China	104,000	102,231
Heidemij NV	Netherlands	75,300	853,258
Laird Group Plc.	United Kingdom	205,000	1,463,450

			3,116,858

Merchandising 6.9%			
David Jones Ltd.	Australia	144,500	182,915
De Boer Unigro NV	Netherlands	22,750	761,653
Det Danske Traelastkompagni AS	Denmark	6,800	623,073
Merchandising (cont.)			
Giordano International Ltd.	Hong Kong	433,000	\$ 159,613
Hudsons Bay Co.	Canada	21,500	491,982
Koninklijke Bijenkorf Beheer NV	Netherlands	11,900	750,837
LI & Fung Ltd.	Hong Kong	1,000,000	1,002,393
Moebel Walther AG	Germany	7,000	296,438
Northwest Company Fund	Canada	43,400	431,919
Sa des Galeries Lafayette	France	2,868	1,342,452
Safeway Plc.	United Kingdom	79,848	521,456
Somerfield Plc.	United Kingdom	260,400	845,369
Storehouse Plc.	United Kingdom	352,400	1,300,718

			8,710,818

Metals & Mining 4.9%			
Arbed SA	Belgium	9,245	1,179,382
Boehler Uddeholm AG	Austria	11,600	831,816
Boehler Uddeholm AG, 144A	Austria	3,390	243,092
Companhia Siderurgica Nacional, ADR	Brazil	8,500	308,404
Impala Platinum Holdings Ltd.	South Africa	96,200	969,496
Pechiney SA, A	France	29,591	1,216,832
Pohang Iron & Steel Co. Ltd.	South Korea	4,230	188,200
PT Tambang Timah (Persero), fgn.	Indonesia	709,000	845,687
Vallourec	France	5,857	384,831

			6,167,740

Misc Materials & Commodities 0.6%			
Korea Chemical Co Ltd	South Korea	15,800	558,321
Thai Glass Industries Public Co. Ltd., fgn.	Thailand	100,800	166,973

			725,294

Multi-Industry 4.8%			
*Amer Group Ltd., A	Finland	18,000	375,779
Inversiones y Representacion SA	Argentina	278,000	934,641
Jardine Matheson Holdings Ltd. (Singapore)	Hong Kong	31,200	199,680
Jardine Strategic Holdings Ltd. (Singapore)	Hong Kong	122,000	390,400
La Cemento Nacional SA, GDR, 144A	Ecuador	2,150	470,850
La Cemento Nacional SA, GDR	Ecuador	200	43,800
Marine Wendel	France	3,576	411,644
Murray & Roberts Hldgs. Ltd.	South Africa	540,000	1,009,870
Nagron Nationaal Grondbezit NV	Netherlands	30,400	822,045
Pioneer Industries International Ltd.	Hong Kong	470,000	97,264
Saha Union Public Co. Ltd., fgn.	Thailand	274,000	200,978
Wagon Industrial Holdings Plc.	United Kingdom	175,000	758,968
Zehnder Holding AG, br.	Switzerland	780	328,562
			6,044,481

Telecommunications 0.6%			
Cpt-Telefonica del Peru SA, B	Peru	114,000	227,160
*Digital Telecommunications Philippines Inc.	Philippines	5,006,000	242,886
Telefonica de Espana SA	Spain	12,400	338,407
			808,453

Textiles & Apparel 2.1%			
Daehan Synthetic Fiber Co. Ltd.	South Korea	4,280	\$ 177,409
Dawson International Plc.	United Kingdom	248,000	297,497
Gamma Holding NV	Netherlands	16,800	899,923
Inner Mongolia Erdos Cashmere Products Co. Ltd., B	China	1,535,000	881,090
Yizheng Chemical Fibre Co. Ltd., H	China	1,225,000	368,379
			2,624,298

Transportation 5.9%			
Anangel-American Shipholdings Ltd., ADR	Greece	118,000	1,357,000
Helikopter Services Group ASA	Norway	61,100	761,845
Orient Overseas International Ltd.	Hong Kong	550,000	337,903
Osprey Maritime Ltd.	Singapore	1,375,000	1,292,063
PT Steady Safe, fgn.	Indonesia	599,113	162,036
Shun Tak Holdings	Hong Kong	1,045,000	354,799
Singapore Bus Service Ltd.	Singapore	47,000	183,524
*Stena Line AB, B	Sweden	56,000	231,779
Stolt Nielsen SA, ADR	Norway	50,000	1,325,000
Tranz Rail Holdings Ltd., ADR	New Zealand	83,445	1,126,508
Unitor AS	Norway	17,000	270,445
			7,402,902

Utilities Electrical & Gas 1.8%			
Cia Sevillana de Electricidad SA	Spain	20,391	181,524
Electricas Reunidas de Zaragoza	Spain	13,300	507,424
Gas y Electricidad SA	Spain	16,099	1,106,689
Guangdong Electric Power Development Co Ltd., B, 144A	China	919,920	518,768
			2,314,405

Wholesale & International Trade 1.7%			
Dahl International AB	Sweden	49,420	910,554
Dauids Ltd.	Australia	800,000	360,064
Eurodis Electron Plc.	United Kingdom	200,000	528,488
Inchcape Bhd., fgn.	Singapore	94,000	296,025
			2,095,131

Total Common Stocks (Cost \$97,216,603)			104,009,480

Preferred Stocks 5.5%			
Ballast Nedam NV, ctf., conv., pfd.	Netherlands	23,515	1,199,065
*Bank Austria AG, new, pfd., 144A	Austria	24,250	1,107,315
Bombril SA, pfd.	Brazil	143,465,200	1,208,936

Cia Brasileira de Petroleo Ipiranga, pfd.	Brazil	5,380,000	78,081
Coteminas Cia Tecidos Norte de Minas, pfd.	Brazil	2,006,000	745,847
Electrolux Do Brasil SA, pfd.	Brazil	83,417,000	96,869
Moebel Walther AG, pfd.	Germany	16,000	649,727
News Corp. Ltd., pfd.	Australia	151,486	672,220
Weg SA, pfd.	Brazil	1,755,900	1,194,544

Total Preferred Stocks (Cost \$6,943,177)			6,952,604

Amer Group Ltd., 6.25%, conv., 6/15/03 (Cost \$246,250)	Finland	250,000	\$ 257,500

Total Investments before Repurchase Agreements (Cost \$104,406,030)			111,219,584

Repurchase Agreements 10.9%			
Aubrey G. Lanston & Co., 5.66%, 11/03/97 (Maturity Value \$4,444,095)			
Collateralized by U.S. Treasury Notes	United States	4,442,000	4,442,000
HSBC Securities Inc., 5.66%, 11/03/97 (Maturity Value \$4,512,127)			
Collateralized by U.S. Treasury Notes	United States	4,510,000	4,510,000
Morgan Stanley & Co., Inc., 5.66%, 11/03/97 (Maturity Value \$4,677,205)			
Collateralized by U.S. Treasury Notes	United States	4,675,000	4,675,000

Total Repurchase Agreements (Cost \$13,627,000)			13,627,000

Total Investments (Cost \$118,033,030) 99.6%			124,846,584
Other Assets, less Liabilities: 0.4%			497,820

Total Net Assets: 100.0%			\$125,344,404
			=====

</TABLE>

*Non-income producing.

**Securities traded in U.S. Dollars.

FRANKLIN TEMPLETON INTERNATIONAL TRUST

Financial Statements

<TABLE>

<CAPTION>

Statements of Assets and Liabilities

October 31, 1997

	Templeton Pacific Growth	Templeton Foreign Fund	Templeton Smaller Companies Fund
	<C>	<C>	
<S>			
Assets:			
Investments in securities:			
Cost	\$49,071,468	\$104,406,030	
	-----	-----	
Value	38,600,924	111,219,584	
Repurchase agreements, at value and cost	1,871,000	13,627,000	
Cash	1,920,005	12,371	
Receivables:			
Beneficial shares sold	2,831,016	1,287,705	
Dividends and interest	161,829	228,191	
	-----	-----	
Total assets	45,384,774	126,374,851	
	-----	-----	
Liabilities:			
Payables:			
Investment securities purchased	362,803	570,695	
Beneficial shares redeemed	252,552	168,878	
Affiliates	48,322	192,878	
Other liabilities	99,847	97,996	
	-----	-----	
Total liabilities	763,524	1,030,447	
	-----	-----	

Net assets, at value	\$44,621,250	\$125,344,404
=====		
Net assets consist of:		
Undistributed net investment income	\$ 46,074	\$ 1,365,788
Net unrealized appreciation (depreciation)	(10,470,544)	6,813,554
Accumulated net realized gain	275,115	5,178,374
Capital shares	54,770,605	111,986,688

Net assets, at value	\$44,621,250	\$125,344,404
=====		
Class I:		
Net assets, at value	\$40,958,008	\$121,618,800
=====		
Shares outstanding	3,765,681	8,075,535
=====		
Net asset value per share*	\$10.88	\$15.06
=====		
Maximum offering price per share (100 / 95.5% of net asset value per share)	\$11.39	\$15.77
=====		
Class II:		
Net assets, at value	\$2,306,592	
=====		
Shares outstanding	213,423	
=====		
Net asset value per share*	\$10.81	
=====		
Maximum offering price per share (100 / 99.0% of net asset value per share)	\$10.92	
=====		
Advisor Class:		
Net assets, at value	\$1,356,650	\$3,725,604
=====		
Shares outstanding	124,697	246,892
=====		
Net asset value and offering price per share	10.88	15.09
=====		
*Redemption price is equal to net asset value less any applicable contingent deferred sales charge.		

</TABLE>

FRANKLIN TEMPLETON INTERNATIONAL TRUST
Financial Statements (continued)

Statements of Operations
for the year ended October 31, 1997

<TABLE>
<CAPTION>

	Templeton Pacific Growth	Templeton Foreign Fund	Templeton Smaller Companies Fund
<S>	<C>	<C>	
Investment income:			
Dividends*	\$ 1,409,661	\$ 2,617,658	
Interest	86,730	764,918	

Total investment income	1,496,391	3,382,576	

Expenses:			
Management fees (Note 3)	571,117	958,913	
Distribution fees (Note 3)			
Class I	92,093	238,459	
Class II	6,054	--	
Transfer agent fees (Note 3)	127,500	157,000	
Custodian fees	33,000	53,500	
Reports to shareholders	48,100	34,500	

Registration and filing fees	46,740	59,575
Professional fees	11,300	15,500
Other	470	3,171
	-----	-----
Total expenses	936,374	1,520,618
Expenses waived/paid by affiliate (Note3)	--	(92,289)
	-----	-----
Net expenses	936,374	1,428,329
	-----	-----
Net investment income	560,017	1,954,247
	-----	-----
Realized and unrealized gains (losses):		
Net realized gain (loss) from:		
Investments	310,184	5,443,682
Foreign currency transactions	(107,284)	1,441
	-----	-----
Net realized gain	202,900	5,445,123
Net unrealized appreciation (depreciation) on investments	(13,054,143)	2,802,188
	-----	-----
Net realized and unrealized gain (loss)	(12,851,243)	8,247,311
	-----	-----
Net increase (decrease) in net assets resulting from operations	\$ (12,291,226)	\$10,201,558
	=====	=====

*Net of foreign taxes of \$105,991 and \$311,234 for the Pacific Growth Fund and Foreign Smaller Companies Fund, respectively.

</TABLE>

See notes to financial statements.

FRANKLIN TEMPLETON INTERNATIONAL TRUST
Financial Statements (continued)

Statements of Changes in Net Assets
for the years ended October 31, 1997 and 1996

<TABLE>

<CAPTION>

	Templeton Pacific Growth Fund		Templeton Foreign Smaller Companies Fund	
	1997	1996	1997	1996
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Increase (decrease) in net assets:				
Operations:				
Net investment income	\$ 560,017	\$ 663,108	\$ 1,954,247	\$ 1,490,418
Net realized gain (loss) from investments and foreign currency transactions	202,900	(55,680)	5,445,123	4,922,724
Net unrealized appreciation (depreciation) on investments and translation of assets and liabilities denominated in foreign currencies	(13,054,143)	5,378,013	2,802,188	3,514,247
	-----	-----	-----	-----
Net increase in net assets resulting from operations	(12,291,226)	5,985,441	10,201,558	9,927,389
Distributions to shareholders from:				
Net investment income:				
Class I	(436,548)	(809,330)	(1,719,949)	(991,682)
Class II	(1,123)	--	--	--
Advisor Class	(3,363)	--	--	--
Net realized gains:				
Class I	--	(3,513,636)	(3,465,592)	(4,004,586)
Capital share transactions (Note 2)				
Class I	(6,898,773)	7,830,484	48,596,181	12,088,092
Class II	2,795,305	--	--	--
Advisor Class	1,717,135	--	3,765,571	--
	-----	-----	-----	-----

Net increase (decrease) in net assets	(15,118,593)	9,492,959	57,377,769	17,019,213
Net assets:				
Beginning of year	59,739,843	50,246,884	67,966,635	50,947,422

End of year	\$44,621,250	\$59,739,843	\$125,344,404	\$67,966,635
	=====			
Undistributed net investment income included in net assets:				
End of year	\$ 153,359	\$ 34,376	\$ 1,134,508	\$ 900,210
	=====			

</TABLE>

FRANKLIN TEMPLETON INTERNATIONAL TRUST
Notes to Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

Franklin Templeton International Trust (the Trust) is registered under the Investment Company Act of 1940 as an open-end, diversified investment company, consisting of two Funds. The Funds and their investment policies are:

Templeton Pacific Growth Fund - Seeks to provide long-term growth of capital by investing in equity securities of which at least 65% trade on markets in the Pacific Rim. Templeton Foreign Smaller Companies Fund - Seeks to provide long-term growth of capital by investing in an internationally diversified portfolio of equity securities, of which at least 65% trade on markets in countries other than the United States.

The following summarizes the Fund's significant accounting policies.

a. Security Valuation:

Securities listed or traded on a recognized national exchange or NASDAQ are valued at the latest reported sales price. Over-the-counter securities and listed securities for which no sale is reported are valued within the range of the latest quoted bid and asked prices. Securities for which market quotations are not readily available are valued at fair value as determined by management in accordance with procedures established by the Board of Trustees.

b. Foreign Currency Translation:

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies against U.S. dollars on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. When the Funds purchase or sell foreign securities they will customarily enter into a foreign exchange contract to minimize foreign exchange risk from the trade date to the settlement date of such transactions.

The Funds do not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign currency denominated assets and liabilities other than investments in securities held at the end of the reporting period.

c. Income Taxes:

No provision has been made for income taxes because each Fund's policy is to qualify as a regulated investment company under the Internal Revenue Code and to distribute all of its taxable income.

d. Security Transactions, Investment Income, Expenses and Distributions:

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis.

Interest income and estimated expenses are accrued daily. Bond discount is amortized on an income tax basis. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Certain income from foreign securities is recorded as soon as information is available to the Fund.

e. Investment Income, Expenses and Distributions:

Common expenses incurred by the Trust are allocated among the Funds based on the ratio of net assets of each Fund to the combined net assets. Other expenses are charged to each Fund on a specific identification basis.

Realized and unrealized gains and losses and net investment income, other than class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class.

f. Repurchase Agreements:

The Fund may enter into repurchase agreements, which are accounted for as a loan by the Fund to the seller, collateralized by securities which are delivered to the Funds' custodian. The market value, including accrued interest, of the initial collateralization is required to be at least 102% of the dollar amount invested by the Funds, with the value of the underlying securities marked to market daily to maintain coverage of at least 100%. At October 31, 1997, all outstanding repurchase agreements held by the Funds had been entered into on that date.

g. Accounting Estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reporting period. Actual results could differ from those estimates.

2. SHARES OF BENEFICIAL INTEREST

The Pacific Growth Fund offers three classes of shares: Class I, Class II and Advisor Class shares, and the Foreign Smaller Companies Fund offers two classes of shares: Class I and Advisor Class shares. The shares differ by their initial sales load, distribution fees, voting rights on matters affecting a single class and the exchange privilege of each class.

At October 31, 1997, there were an unlimited number of shares authorized (\$.01 par value). Transactions in the Funds' shares were as follows:

<TABLE>
<CAPTION>

Class I	Templeton Pacific Growth Fund		Templeton Foreign Smaller Companies Fund	
	Shares	Amount	Shares	Amount
<S>	<C>	<C>	<C>	<C>
Year ended October 31, 1997				
Shares sold	5,435,941	\$76,600,239	5,719,497	\$85,126,909
Shares issued in reinvestment of distributions.	24,706	372,583	327,209	4,482,693
Shares redeemed	(5,815,156)	(83,871,595)	(2,764,102)	(41,013,421)
Net increase (decrease)	(354,509)	\$(6,898,773)	3,282,604	\$48,596,181
Year ended October 31, 1996				
Shares sold	6,244,033	\$91,529,496	2,851,402	\$38,019,671
Shares issued in reinvestment of distributions.	273,824	3,846,596	362,506	4,445,701
Shares redeemed	(5,957,749)	(87,545,608)	(2,273,240)	(30,377,280)
Net increase	560,108	\$ 7,830,484	940,668	\$12,088,092

Class II+	Shares	Amount		Shares	Amount
Year ended October 31, 1997					
Shares sold.	505,147	\$ 6,723,229			
Shares issued in reinvestment of distributions.	69	1,034			
Shares redeemed	(291,793)	(3,928,958)			
Net increase	213,423	\$ 2,795,305			
=====					
Advisor Class+	Shares	Amount		Shares	Amount

For the period January 2, 1997 through October 31, 1997					
Shares sold.	126,880	\$ 1,745,974		400,189	\$ 6,248,096
Shares issued in reinvestment of distributions.	218	3,308		458	6,889
Shares redeemed.	(2,401)	(32,147)		(153,755)	(2,489,414)
Net increase.	124,697	\$ 1,717,135		246,892	\$ 3,765,571
=====					

</TABLE>

+Effective date of Class II and Advisor Class shares was January 2, 1997.

3. TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Certain officers of the Trust are also officers and/or directors of Franklin Advisers, Inc. (Advisers), Franklin/Templeton Distributors, Inc. (Distributors) and Franklin/Templeton Investor Services, Inc. (Investor Services), the Funds' investment manager, principal underwriter and transfer agent, respectively.

The Funds pay an investment management fee to Advisers based on the average daily net assets of each Fund as follows:

Annualized

Fee Rate	Average Daily Net Assets
1.00%	First \$100 million
0.90%	Over \$100 million, up to and including \$250 million
0.80%	Over \$250 million, up to and including \$500 million
0.75%	Over \$500 million

Under a subadvisory agreement, Templeton Investment Counsel, Inc., a wholly-owned subsidiary of Franklin Resources, Inc., provides subadvisory services to the Funds and receives from Advisers fees based on the average daily net assets of the Funds as follows:

Annualized

Fee Rate	Average Daily Net Assets
0.50%	First \$100 million
0.40%	Over \$100 million, up to and including \$250 million
0.30%	Over \$250 million, up to and including \$500 million
0.25%	Over \$500 million

Effective March 1, 1997, Advisers agreed in advance to reduce fees to the extent necessary to limit total expenses of the Templeton Foreign Smaller Companies Fund to an annual rate of 1.45% and 1.20% of the average daily net assets of Class I and Advisor Class shares, respectively, as noted in the Statement of Operations.

The Templeton Pacific Growth Fund reimburses Distributors up to 0.25% and 1.00% per year of the average daily net assets of Class I and Class II, respectively, and the Templeton Foreign Smaller Companies Fund reimburses Distributors up to 0.25% per year of the average daily net assets of Class I, for cost incurred in marketing the Funds' shares.

Distributors received net commissions on sales of Fund shares and paid commissions to other dealers for the year ended October 31, 1997 as follows:

	Templeton Pacific Growth Fund	Templeton Foreign Smaller Companies Fund
Total commissions received	\$483,600	\$1,059,592
Paid to other dealers	\$418,316	\$ 903,150

4. INVESTMENT TRANSACTIONS

Purchases and sales of securities (excluding short-term securities) for the year ended October 31, 1997 were as follows:

	Templeton Pacific Growth Fund	Templeton Foreign Smaller Companies Fund
Purchases	\$13,520,739	\$65,346,875
Sales	\$22,655,182	\$27,421,760

5. INCOME TAXES

The cost of securities for income tax purposes is the same as that shown in the investment portfolio, except for the Templeton Pacific Growth Fund, whose cost for tax purposes is \$51,186,675.

At October 31, 1997, the net unrealized appreciation (depreciation) based on the cost of investments for income tax purposes are as follows:

	Templeton Pacific Growth Fund	Templeton Foreign Smaller Companies Fund
Unrealized appreciation	\$ 2,418,839	\$17,039,136
Unrealized depreciation	(13,133,590)	(10,225,582)
Net unrealized depreciation	\$(10,714,751)	\$ 6,813,554

Net Investment Income differs for financial statement and tax purposes primarily due to differing treatments of foreign currency transactions.

FRANKLIN TEMPLETON INTERNATIONAL TRUST
Report of Independent Accountants

To the Shareholders and Board of Trustees
of Franklin Templeton International Trust:

We have audited the accompanying statement of assets and liabilities of each of the funds comprising of the Franklin Templeton International Trust, including each fund's statement of investments in securities and net assets, as of October 31, 1997, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 1997, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the funds comprising the Franklin Templeton International Trust as of October 31, 1997, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended and their financial highlights for each of the periods presented, in conformity with generally accepted accounting principles.

Ft. Lauderdale, Florida
November 26, 1997

FRANKLIN TEMPLETON INTERNATIONAL TRUST
Tax Designation

Templeton Pacific Growth Fund

Under Section 852(b)(3)(C) of the Internal Revenue Code, the Templeton Pacific Growth Fund hereby designates \$275,200 as a capital gain dividend for the fiscal year ended October 31, 1997.

Under Section 852(b)(2) of the Internal Revenue Code, the Templeton Pacific Growth Fund hereby designates 2.20% of the ordinary income dividends as income qualifying for the dividends received deduction for the fiscal year ended October 31, 1997.

At October 31, 1997, more than 50% of the Templeton Pacific Growth Fund's total assets were invested in securities of foreign issuers. In most instances, foreign taxes were withheld from dividends paid to the fund on these investments. As in prior years, the Fund intends to make an election under Section 853 of the Internal Revenue Code. This election will allow shareholders to treat their proportionate share of foreign taxes paid by the Fund as having been paid directly by them.

In January 1998, shareholders will receive Form 1099-DIV, which will include his/her share of taxes withheld and foreign source income distributed during calendar year 1997.

a. The following table provides a breakdown by country of foreign taxes paid and foreign source income to Class I shareholders during the fiscal year ending October 31, 1997:

<TABLE>
<CAPTION>

	December 1996		June 1997	
	Foreign Tax Paid Per Share	Foreign Source Income Per Share	Foreign Tax Paid Per Share	Foreign Source Income Per Share
<S>	<C>	<C>	<C>	<C>
Australia	0.0022	0.0141	0.0011	0.0045
China	0.0000	0.0030	0.0000	0.0015
Hong Kong	0.0000	0.0264	0.0000	0.0129
India	0.0001	0.0003	0.0000	0.0009
Indonesia	0.0025	0.0027	0.0006	0.0014
Japan	0.0031	0.0048	0.0007	0.0017
Korea (South)	0.0005	0.0007	0.0001	0.0003
Malaysia	0.0025	0.0030	0.0016	0.0024
New Zealand	0.0008	0.0013	0.0004	0.0010
Pakistan	0.0015	0.0023	0.0008	0.0020
Philippines	0.0002	0.0001	0.0000	0.0000
Singapore	0.0013	0.0012	0.0006	0.0009
Thailand	0.0019	0.0048	0.0004	0.0025
TOTAL	\$0.0166	\$0.0647	\$0.0063	\$0.0320

b. The following table provides a breakdown by country of foreign taxes paid and foreign source income to Class II shareholders during the fiscal year ending October 31, 1997:

June 1997		
Country	Foreign Tax Paid Per Share	Foreign Source Income Per Share
<S>	<C>	<C>
Australia	0.0011	0.0036
China	0.0000	0.0012
Hong Kong	0.0000	0.0103
India	0.0000	0.0007
Indonesia	0.0006	0.0011
Japan	0.0007	0.0014
Korea (South)	0.0001	0.0002
Malaysia	0.0016	0.0019
New Zealand	0.0004	0.0008
Pakistan	0.0008	0.0016
Singapore	0.0006	0.0007
Thailand	0.0004	0.0020
TOTAL	\$0.0063	\$0.0255

c. The following table provides a breakdown by country of foreign taxes paid and foreign source income to Advisor Class shareholders during the fiscal year ending October 31, 1997:

June 1997		
Country	Foreign Tax Paid Per Share	Foreign Source Income Per Share
<S>	<C>	<C>
Australia	0.0011	0.0055
China	0.0000	0.0018
Hong Kong	0.0000	0.0156
India	0.0000	0.0012
Indonesia	0.0006	0.0018
Japan	0.0007	0.0021
Korea (South)	0.0001	0.0004
Malaysia	0.0016	0.0028
New Zealand	0.0004	0.0013
Pakistan	0.0008	0.0025
Singapore	0.0006	0.0011
Thailand	0.0004	0.0029
TOTAL	\$0.0063	\$0.0390

</TABLE>

Under Section 852(b)(3)(C) of the Internal Revenue Code, the Templeton Foreign Smaller Companies Fund hereby designates \$2,362,000 as a capital gain dividend for the fiscal year ended October 31, 1997.

At October 31, 1997, more than 50% of the Templeton Foreign Smaller Companies Fund's total assets were invested in securities of foreign issuers. In most instances, foreign taxes were withheld from dividends paid to the fund on these investments. As in prior years, the Fund intends to make an election under Section 853 of the Internal Revenue Code. This election will allow shareholders to treat their proportionate share of foreign taxes paid by the Fund as having been paid directly by them.

In January 1998, shareholders will receive Form 1099-DIV, which will include his/her share of taxes withheld and foreign source income distributed during calendar year 1997.

a. The following table provides a breakdown by country of foreign taxes paid and foreign source income to Class I shareholders during the fiscal year ending October 31, 1997:

<TABLE>

<CAPTION>

Country	December 1996		June 1997	
	Foreign Tax Paid	Foreign Source Income	Foreign Tax Paid	Foreign Source Income
	Per Share	Per Share	Per Share	Per Share
<S>	<C>	<C>	<C>	<C>
Argentina	0.0000	0.0030	0.0000	0.0003
Australia	0.0008	0.0124	0.0001	0.0017
Austria	0.0001	0.0004	0.0001	0.0004
Belgium	0.0003	0.0016	0.0000	0.0001
Bermuda	0.0000	0.0017	0.0000	0.0001
Brazil	0.0000	0.0006	0.0001	0.0014
Canada	0.0011	0.0052	0.0001	0.0007
China	0.0000	0.0019	0.0000	0.0005
Colombia	0.0000	0.0012	0.0000	0.0001
Denmark	0.0000	0.0000	0.0000	0.0002
Ecuador	0.0000	0.0000	0.0000	0.0003
Egypt	0.0000	0.0000	0.0000	0.0003
Finland	0.0018	0.0102	0.0001	0.0005
France	0.0029	0.0189	0.0002	0.0012
Germany	0.0000	0.0000	0.0000	0.0001
Greece	0.0000	0.0065	0.0000	0.0004
Hong Kong	0.0000	0.0199	0.0000	0.0049
Hungary	0.0000	0.0000	0.0000	0.0000
India	0.0001	0.0004	0.0000	0.0001
Indonesia	0.0000	0.0001	0.0001	0.0004
Israel	0.0000	0.0000	0.0000	0.0001
Italy	0.0012	0.0062	0.0001	0.0006
Korea (South)	0.0003	0.0013	0.0000	0.0001
Mexico	0.0000	0.0023	0.0000	0.0000
Netherlands	0.0043	0.0211	0.0006	0.0031
New Zealand	0.0006	0.0030	0.0002	0.0006
Norway	0.0013	0.0062	0.0004	0.0019
Peru	0.0000	0.0004	0.0000	0.0001
Portugal	0.0005	0.0022	0.0000	0.0001
Singapore	0.0000	0.0047	0.0000	0.0003
South Africa	0.0000	0.0000	0.0000	0.0006
Spain	0.0034	0.0220	0.0004	0.0020
Sweden	0.0034	0.0330	0.0005	0.0033
Switzerland	0.0012	0.0058	0.0001	0.0010
Thailand	0.0000	0.0000	0.0000	0.0003
Turkey	0.0000	0.0000	0.0000	0.0001
United Kingdom	0.0058	0.0348	0.0018	0.0087
TOTAL	\$0.0291	\$0.2270	\$0.0049	\$0.0366

b. The following table provides a breakdown by country of foreign taxes paid and foreign source income to Advisor Class shareholders during the fiscal year ending October 31, 1997:

Country	June 1997	
	Foreign Tax Paid	Foreign Source Income
	Per Share	Per Share
<S>	<C>	<C>
Argentina	0.0000	0.0004
Australia	0.0001	0.0019
Austria	0.0001	0.0005
Belgium	0.0000	0.0001
Bermuda	0.0000	0.0001
Brazil	0.0001	0.0016
Canada	0.0001	0.0008
China	0.0000	0.0005
Colombia	0.0000	0.0001
Denmark	0.0000	0.0002
Ecuador	0.0000	0.0003
Egypt	0.0000	0.0003
Finland	0.0001	0.0005

France	0.0002	0.0013
Germany	0.0000	0.0001
Greece	0.0000	0.0005
Hong Kong	0.0000	0.0054
Hungary	0.0000	0.0000
India	0.0000	0.0001
Indonesia	0.0001	0.0005
Israel	0.0000	0.0001
Italy	0.0001	0.0006
Japan	0.0000	0.0000
Korea (South)	0.0000	0.0001
Luxembourg	0.0000	0.0000
Mexico	0.0000	0.0000
Netherlands	0.0006	0.0035
New Zealand	0.0002	0.0007
Norway	0.0004	0.0021
Peru	0.0000	0.0001
Portugal	0.0000	0.0001
Singapore	0.0000	0.0003
South Africa	0.0000	0.0007
Spain	0.0004	0.0023
Sweden	0.0005	0.0037
Switzerland	0.0001	0.0011
Thailand	0.0000	0.0003
Turkey	0.0000	0.0001
United Kingdom	0.0018	0.0098

TOTAL	\$0.0049	\$0.0408
=====		

Franklin Templeton International Trust Annual Report October 31, 1997.

APPENDIX

DESCRIPTION OF GRAPHIC MATERIAL OMITTED FROM EDGAR FILING (PURSUANT TO ITEM 304 (a) OF REGULATION S-T)

GRAPHIC MATERIAL (1)

This chart shows in bar format the geographic distribution of the Templeton Pacific Growth Fund on October 31, 1997, based on total net assets.

Geographic Distribution on October 31, 1997

Hong Kong	26.8%
Japan	14.6%
Singapore	6.7%
Australia	6.1%
China	5.2%
Malaysia	4.9%
Pakistan	4.3%
India	4.1%
Thailand	3.8%
Indonesia	3.6%
New Zealand	3.0%
Philippines	1.4%
South Korea	1.1%
Short-Term Obligations & Other Net Assets	14.4%

GRAPHIC MATERIAL (2)

The following line graph hypothetically compares the performance of the Templeton Pacific Growth Fund - Class I shares to that of the MSCI Pacific Index, based on a \$10,000 investment from 9/20/91 to 10/31/97.

Period Ending	Fund	MSCI
	Templeton	MSCI

	Pacific Growth Fund- Class I*	Pacific Index
9/20/91	\$9,426	\$10,000
Sep-91	\$9,444	\$10,250
Oct-91	\$9,482	\$10,688
Nov-91	\$9,426	\$10,002
Dec-91	\$9,768	\$10,311
Jan-92	\$9,816	\$9,913
Feb-92	\$10,015	\$9,220
Mar-92	\$9,816	\$8,345
Apr-92	\$9,968	\$7,964
May-92	\$10,452	\$8,587
Jun-92	\$10,819	\$7,914
Jul-92	\$10,160	\$7,806
Aug-92	\$9,893	\$8,877
Sep-92	\$9,931	\$8,675
Oct-92	\$10,409	\$8,371
Nov-92	\$10,313	\$8,530
Dec-92	\$10,125	\$8,434
Jan-93	\$10,293	\$8,420
Feb-93	\$10,718	\$8,831
Mar-93	\$10,718	\$9,899
Apr-93	\$11,458	\$11,478
May-93	\$12,012	\$11,814
Jun-93	\$11,757	\$11,622
Jul-93	\$12,007	\$12,311
Aug-93	\$12,725	\$12,677
Sep-93	\$12,865	\$12,205
Oct-93	\$14,412	\$12,478
Nov-93	\$14,342	\$10,719
Dec-93	\$16,294	\$11,468
Jan-94	\$16,465	\$12,797
Feb-94	\$15,941	\$13,129
Mar-94	\$14,693	\$12,406
Apr-94	\$14,904	\$12,945
May-94	\$15,599	\$13,255
Jun-94	\$15,114	\$13,690
Jul-94	\$15,520	\$13,398
Aug-94	\$16,210	\$13,633
Sep-94	\$15,530	\$13,294
Oct-94	\$15,631	\$13,632
Nov-94	\$14,464	\$12,874
Dec-94	\$14,553	\$12,962
Jan-95	\$13,295	\$12,146
Feb-95	\$13,898	\$11,847
Mar-95	\$14,293	\$12,759
Apr-95	\$14,470	\$13,304
May-95	\$15,021	\$12,774
Jun-95	\$14,744	\$12,235
Jul-95	\$15,340	\$13,119
Aug-95	\$15,152	\$12,627
Sep-95	\$15,382	\$12,746
Oct-95	\$14,775	\$12,128
Nov-95	\$14,786	\$12,727
Dec-95	\$15,404	\$13,350
Jan-96	\$16,589	\$13,375
Feb-96	\$16,523	\$13,226
Mar-96	\$16,434	\$13,634
Apr-96	\$17,132	\$14,330
May-96	\$17,154	\$13,710
Jun-96	\$16,917	\$13,715
Jul-96	\$16,033	\$13,087
Aug-96	\$16,350	\$12,745
Sep-96	\$16,735	\$13,163
Oct-96	\$16,429	\$12,554
Nov-96	\$17,381	\$12,896
Dec-96	\$17,229	\$12,228
Jan-97	\$16,921	\$11,201
Feb-97	\$16,990	\$11,436
Mar-97	\$16,192	\$11,019
Apr-97	\$16,261	\$8,527

May-97	\$17,399	\$12,353
Jun-97	\$17,565	\$13,120
Jul-97	\$18,033	\$12,808
Aug-97	\$15,534	\$11,539
Sep-97	\$15,853	\$11,497
Oct-97	\$12,418	\$10,102

GRAPHIC MATERIAL (3)

The following line graph hypothetically compares the performance of the Templeton Pacific Growth - Class II shares to that of the MSCI Pacific Index, based on a \$10,000 investment from (1/2/97 - 10/31/97).

Period ending	Fund	MSCI
	Templeton Pacific Growth Fund- Class II*	MSCI Pacific Index
1/2/97	\$9,902	\$10,000
Jan-97	\$9,731	\$9,160
Feb-97	\$9,764	\$9,352
Mar-97	\$9,298	\$9,011
Apr-97	\$9,331	\$6,973
May-97	\$9,987	\$10,102
Jun-97	\$10,071	\$10,729
Jul-97	\$10,327	\$10,474
Aug-97	\$8,882	\$9,436
Sep-97	\$9,059	\$9,402
Oct-97	\$7,031	\$8,261

GRAPHIC MATERIAL (4)

The following line graph hypothetically compares the performance of the Templeton Pacific Growth Fund - Advisor Class shares to that of the MSCI Index, based on a \$10,000 investment from 9/20/91 - 10/31/97.

Period Ending	Fund	MSCI
	Templeton Pacific Growth Fund- Advisor Class	MSCI Pacific Index
9/20/91	\$10,000	\$10,000
Sep-91	\$10,020	\$10,250
Oct-91	\$10,060	\$10,688
Nov-91	\$10,000	\$10,002
Dec-91	\$10,364	\$10,311
Jan-92	\$10,414	\$9,913
Feb-92	\$10,626	\$9,220
Mar-92	\$10,414	\$8,345
Apr-92	\$10,575	\$7,964
May-92	\$11,089	\$8,587
Jun-92	\$11,479	\$7,914
Jul-92	\$10,780	\$7,806
Aug-92	\$10,496	\$8,877
Sep-92	\$10,537	\$8,675
Oct-92	\$11,043	\$8,371
Nov-92	\$10,942	\$8,530
Dec-92	\$10,742	\$8,434
Jan-93	\$10,920	\$8,420
Feb-93	\$11,371	\$8,831
Mar-93	\$11,371	\$9,899
Apr-93	\$12,157	\$11,478
May-93	\$12,744	\$11,814
Jun-93	\$12,474	\$11,622
Jul-93	\$12,738	\$12,311
Aug-93	\$13,501	\$12,677
Sep-93	\$13,649	\$12,205
Oct-93	\$15,290	\$12,478
Nov-93	\$15,216	\$10,719

Dec-93	\$17,287	\$11,468
Jan-94	\$17,468	\$12,797
Feb-94	\$16,913	\$13,129
Mar-94	\$15,588	\$12,406
Apr-94	\$15,812	\$12,945
May-94	\$16,550	\$13,255
Jun-94	\$16,035	\$13,690
Jul-94	\$16,466	\$13,398
Aug-94	\$17,198	\$13,633
Sep-94	\$16,476	\$13,294
Oct-94	\$16,584	\$13,632
Nov-94	\$15,346	\$12,874
Dec-94	\$15,440	\$12,962
Jan-95	\$14,105	\$12,146
Feb-95	\$14,745	\$11,847
Mar-95	\$15,164	\$12,759
Apr-95	\$15,352	\$13,304
May-95	\$15,936	\$12,774
Jun-95	\$15,643	\$12,235
Jul-95	\$16,275	\$13,119
Aug-95	\$16,075	\$12,627
Sep-95	\$16,320	\$12,746
Oct-95	\$15,676	\$12,128
Nov-95	\$15,687	\$12,727
Dec-95	\$16,343	\$13,350
Jan-96	\$17,600	\$13,375
Feb-96	\$17,529	\$13,226
Mar-96	\$17,435	\$13,634
Apr-96	\$18,176	\$14,330
May-96	\$18,199	\$13,710
Jun-96	\$17,948	\$13,715
Jul-96	\$17,010	\$13,087
Aug-96	\$17,347	\$12,745
Sep-96	\$17,755	\$13,163
Oct-96	\$17,431	\$12,554
Nov-96	\$18,440	\$12,896
Dec-96	\$18,279	\$12,228
Jan-97	\$17,952	\$11,201
Feb-97	\$18,025	\$11,436
Mar-97	\$17,191	\$11,019
Apr-97	\$17,264	\$8,527
May-97	\$18,484	\$12,353
Jun-97	\$18,645	\$13,120
Jul-97	\$19,130	\$12,808
Aug-97	\$16,476	\$11,539
Sep-97	\$16,828	\$11,497
Oct-97	\$13,181	\$10,102

Franklin Templeton International Trust Annual Report October 31, 1997.

APPENDIX

DESCRIPTION OF GRAPHIC MATERIAL OMITTED FROM EDGAR FILING (PURSUANT TO ITEM 304 (a) OF REGULATION S-T)

GRAPHIC MATERIAL (5)

This chart shows in bar format the geographic distribution of the Templeton Smaller Companies Fund on October 31, 1997, based on total net assets.

Geographic Distribution on October 31, 1997

Europe	53.2%
Asia	14.6%
North America	5.6%
Mid-East and Africa	5.5%
Australia and New Zealand	5.2%
Latin America	4.6%
Short-Term Obligations & Other Net Assets	11.3%

GRAPHIC MATERIAL (6)

The following line graph hypothetically compares the performance of the Templeton Foreign Smaller Companies Fund - Class I shares to that of the MSCI/EAFE Index, based on a \$10,000 investment from 9/20/91 to 10/31/97.

Period Ending	Fund	Index
	Templeton Foreign Smaller Companies- Class I*	MSCI/EAFE Index
9/20/91	\$9,426	\$10,000
Sep-91	\$9,444	\$10,268
Oct-91	\$9,482	\$10,416
Nov-91	\$9,397	\$9,933
Dec-91	\$9,773	\$10,449
Jan-92	\$9,887	\$10,229
Feb-92	\$9,982	\$9,865
Mar-92	\$9,593	\$9,217
Apr-92	\$9,811	\$9,263
May-92	\$10,333	\$9,886
Jun-92	\$10,139	\$9,420
Jul-92	\$9,908	\$9,182
Aug-92	\$9,966	\$9,761
Sep-92	\$9,803	\$9,571
Oct-92	\$9,620	\$9,072
Nov-92	\$9,774	\$9,160
Dec-92	\$9,860	\$9,210
Jan-93	\$9,715	\$9,212
Feb-93	\$9,889	\$9,493
Mar-93	\$10,121	\$10,323
Apr-93	\$10,497	\$11,306
May-93	\$10,825	\$11,548
Jun-93	\$10,480	\$11,370
Jul-93	\$10,659	\$11,771
Aug-93	\$11,338	\$12,408
Sep-93	\$11,298	\$12,132
Oct-93	\$12,256	\$12,509
Nov-93	\$11,907	\$11,418
Dec-93	\$13,116	\$12,245
Jan-94	\$14,099	\$13,283
Feb-94	\$13,868	\$13,249
Mar-94	\$13,377	\$12,681
Apr-94	\$13,477	\$13,222
May-94	\$13,527	\$13,149
Jun-94	\$13,147	\$13,338
Jul-94	\$13,695	\$13,469
Aug-94	\$14,111	\$13,791
Sep-94	\$13,787	\$13,359
Oct-94	\$14,040	\$13,807
Nov-94	\$13,340	\$13,147
Dec-94	\$13,101	\$13,232
Jan-95	\$12,780	\$12,727
Feb-95	\$12,983	\$12,694
Mar-95	\$12,941	\$13,489
Apr-95	\$13,539	\$14,000
May-95	\$13,806	\$13,836
Jun-95	\$14,156	\$13,598
Jul-95	\$14,826	\$14,448
Aug-95	\$14,394	\$13,900
Sep-95	\$14,750	\$14,175
Oct-95	\$14,286	\$13,798
Nov-95	\$14,351	\$14,185
Dec-95	\$14,504	\$14,761
Jan-96	\$15,024	\$14,825
Feb-96	\$15,438	\$14,878
Mar-96	\$15,674	\$15,198
Apr-96	\$16,147	\$15,644
May-96	\$16,384	\$15,360
Jun-96	\$16,438	\$15,450
Jul-96	\$15,912	\$15,002

Aug-96	\$16,306	\$15,039
Sep-96	\$16,509	\$15,442
Oct-96	\$16,927	\$15,288
Nov-96	\$17,393	\$15,900
Dec-96	\$18,011	\$15,699
Jan-97	\$18,164	\$15,154
Feb-97	\$18,432	\$15,405
Mar-97	\$18,535	\$15,465
Apr-97	\$18,343	\$15,551
May-97	\$18,930	\$16,566
Jun-97	\$19,635	\$17,484
Jul-97	\$19,827	\$17,770
Aug-97	\$19,943	\$16,447
Sep-97	\$20,880	\$17,371
Oct-97	\$19,339	\$16,040

GRAPHIC MATERIAL (7)

The following line graph hypothetically compares the performance of the Templeton Pacific Growth Fund - Advisor Class shares to that of the MSCI/EAFE Index, based on a \$10,000 investment from 9/20/91 - 10/31/97.

Period Ending	Fund	MSCI/EAFE
	Templeton Foreign Smaller Companies- Advisor Class	MSCI EAFE Index
9/20/91	\$10,000	\$10,000
Sep-91	\$10,020	\$10,268
Oct-91	\$10,060	\$10,416
Nov-91	\$9,970	\$9,933
Dec-91	\$10,369	\$10,449
Jan-92	\$10,490	\$10,229
Feb-92	\$10,590	\$9,865
Mar-92	\$10,177	\$9,217
Apr-92	\$10,409	\$9,263
May-92	\$10,963	\$9,886
Jun-92	\$10,757	\$9,420
Jul-92	\$10,512	\$9,182
Aug-92	\$10,573	\$9,761
Sep-92	\$10,400	\$9,571
Oct-92	\$10,207	\$9,072
Nov-92	\$10,370	\$9,160
Dec-92	\$10,461	\$9,210
Jan-93	\$10,307	\$9,212
Feb-93	\$10,492	\$9,493
Mar-93	\$10,737	\$10,323
Apr-93	\$11,136	\$11,306
May-93	\$11,484	\$11,548
Jun-93	\$11,118	\$11,370
Jul-93	\$11,309	\$11,771
Aug-93	\$12,029	\$12,408
Sep-93	\$11,987	\$12,132
Oct-93	\$13,003	\$12,509
Nov-93	\$12,633	\$11,418
Dec-93	\$13,915	\$12,245
Jan-94	\$14,958	\$13,283
Feb-94	\$14,713	\$13,249
Mar-94	\$14,192	\$12,681
Apr-94	\$14,298	\$13,222
May-94	\$14,351	\$13,149
Jun-94	\$13,948	\$13,338
Jul-94	\$14,530	\$13,469
Aug-94	\$14,971	\$13,791
Sep-94	\$14,627	\$13,359
Oct-94	\$14,896	\$13,807
Nov-94	\$14,153	\$13,147
Dec-94	\$13,899	\$13,232
Jan-95	\$13,559	\$12,727

Feb-95	\$13,775	\$12,694
Mar-95	\$13,729	\$13,489
Apr-95	\$14,364	\$14,000
May-95	\$14,648	\$13,836
Jun-95	\$15,019	\$13,598
Jul-95	\$15,729	\$14,448
Aug-95	\$15,271	\$13,900
Sep-95	\$15,649	\$14,175
Oct-95	\$15,156	\$13,798
Nov-95	\$15,225	\$14,185
Dec-95	\$15,388	\$14,761
Jan-96	\$15,940	\$14,825
Feb-96	\$16,379	\$14,878
Mar-96	\$16,629	\$15,198
Apr-96	\$17,131	\$15,644
May-96	\$17,382	\$15,360
Jun-96	\$17,439	\$15,450
Jul-96	\$16,882	\$15,002
Aug-96	\$17,300	\$15,039
Sep-96	\$17,515	\$15,442
Oct-96	\$17,959	\$15,288
Nov-96	\$18,453	\$15,900
Dec-96	\$19,108	\$15,699
Jan-97	\$19,271	\$15,154
Feb-97	\$19,556	\$15,405
Mar-97	\$19,678	\$15,465
Apr-97	\$19,461	\$15,551
May-97	\$20,098	\$16,566
Jun-97	\$20,858	\$17,484
Jul-97	\$21,076	\$17,770
Aug-97	\$21,199	\$16,447
Sep-97	\$22,222	\$17,371
Oct-97	\$20,572	\$16,040

</TABLE>