

BF&M GOLDEN ACCUMULATOR

Franklin Mutual Beacon Fund

as of September 30, 2004

Investment Philosophy

Capital appreciation through purchasing equity and debt securities at or below their intrinsic value with a secondary objective of achieving a reasonable and growing level of income. The fund will pursue these objectives primarily through investments in equity securities, preference shares, debt securities, and convertible stock, generally with at least 70% invested in securities of U.S. issuers. The base currency is U.S. dollars. The benchmark for performance is the S&P Barra Value Index.

Top Holdings (as of Sep-04)

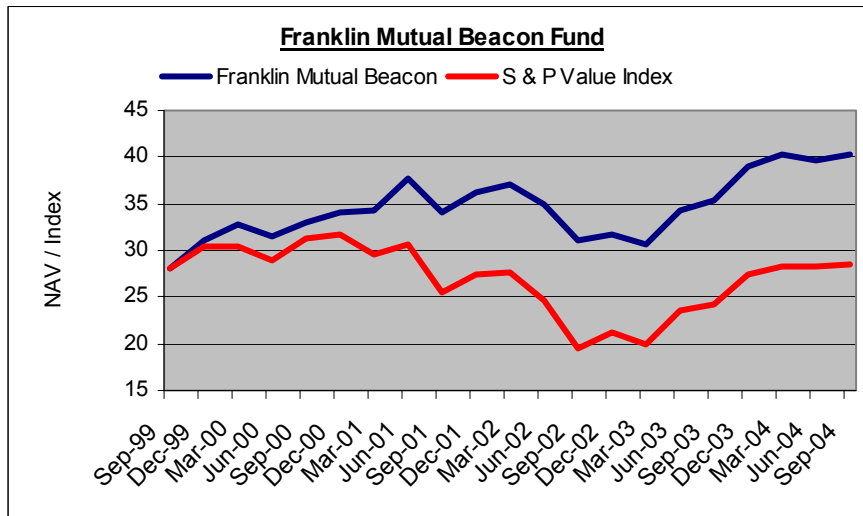
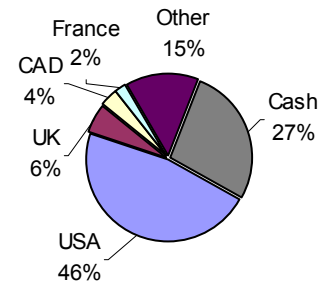
1. Berkshire Hathaway Inc
2. British American Tobacco
3. Reynolds American Inc
4. White Mountain Insurance Group
5. Newmont Mining Corp
6. Liberty Media Corp
7. Freeport McMoran Cooper & Gold
8. Altadia SA
9. Florida Est Coast Industries Inc
10. Allied Irish Banks plc

Performance Statistics (percentage change)

Comparison	3 Mos	1 Yr	3 Yr*	5 yr*	
Fund	1.4	13.6	5.8	7.5	
Index	0.5	18.0	3.7	0.3	
	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Fund	23.17	-12.6	6.3	9.4	20.2
Index	28.96	-27.8	-13.2	6.1	12.7

* Annualized return.

Geographic Distribution



Fund Facts

Initial Date: July 7, 1997
 Total Assets: \$ 1,592 million
 Managers: David Winters, Matt Haynes and Anne Gudfin

Statistics Fund

Beta: 0.56
 R Squared: 0.77
 Alpha: 0.54
 Sharpe: 0.29
 Treynor: 5.24
 Micropal Stars: 3

Statistics provided by S&P Micropal.

This report does not constitute or form part of any offer for shares of any of the Funds or an invitation to apply for shares of any Fund, and subscription for shares in any Fund can only be made on the basis of the Funds' current Prospectus. Past performance is no guarantee of future performance. The price of the shares of each Fund and the income received from each Fund may go down as well as up, and shareholders may not get back the full amount that they invested. Investment in any of the Funds involves risks which are described in the Funds' prospectus. Currency fluctuations will affect the value of overseas investments.