FRANKLIN TEMPLETON

Franklin Global Multi-Asset Income Fund

A (Qdis) EUR
31 December 2020

Franklin Templeton Investment Funds

Fund Commentary

Performance Review

- Emerging market (EM) equities led global advances during the fourth quarter of 2020, driven by the Chinese economy, which made an early and sustained recovery from the COVID-19 pandemic. Developed markets also made robust gains, following losses in October, as positive developments in the search for a viable COVID-19 vaccine bolstered market sentiment later in the quarter.
- Benchmark US Treasury yields rose across the period and the yield curve steepened, as foreign demand dwindled, influenced by a weak US dollar, while corporate bonds gained on narrowing spreads linked to rising risk appetite.
- For the quarter, the fund's A (Qdis) EUR shares returned 4.43%, and its benchmark, the Linked 50% Bloomberg Barclays Multiverse (Hedged in EUR) + 50% MSCI All Country World Index, returned 5.45%.

QUARTERLY KEY PERFORMANCE DRIVERS

HELPED	Exposure to global equities benefitted results during the fourth quarter, as markets continued to benefit from extensive monetary and fiscal stimulus and the rollout of effective COVID-19 vaccines.
	Investment-grade credit added value during the period, particularly lower-rated issues, as robust investor sentiment led spreads to narrow. The extension of quantitative easing programmes covering corporate bonds helped to support credit markets.
	Long-duration eurozone bonds contributed to performance in the fourth quarter helped by falling yields as the euro government yield curve flattened. Peripheral issues from Italy and Spain benefitted from improved fiscal unity within the eurozone.
HURT	Tail risk hedging strategies proved a drag on returns during the fourth quarter as continued fiscal and monetary stimulus measures subdued volatility in financial markets.
	Equity hedges held on US, European and Japanese indices detracted during the period as markets rose on improving risk appetite.
	Long-duration US Treasuries held back results as the yield curve steepened over the quarter. This was a result of expanding issuance, waning foreign demand and rising reflation expectations.

ONE-MONTH KEY PERFORMANCE DRIVERS

HELPED	Global equities benefitted performance during December as improved investor sentiment, linked to the rollout of effective COVID-19 vaccines, boosted markets.
	Investment-grade credit added value during the period, particularly lower-rated issues, as robust investor sentiment led spreads to narrow. The extension of quantitative easing programmes covering corporate bonds helped to support credit markets.
	US dollar hedges added value in December, as the euro strengthened against the greenback.
HURT	Equity hedges held on US and European indices detracted during the period as markets rose on improving risk appetite.
	Long-duration US Treasuries held back results, as the yield curve steepened over the month. This was a result of expanding issuance, waning foreign demand and rising reflation expectations.
	We held exposure to the Japanese yen during December, as part of our defensive positioning strategy in the event of a downturn. This holding detracted slightly due to positive risk sentiment during the period.

Outlook & Strategy

- We retain a positive outlook towards risk assets as we move into 2021, although our optimism is tempered by short-term uncertainties including the continued threat of COVID-19, trade tensions and deep political divisions in the United States (US).
- Within developed market equities we maintain a preference for the US, although this position could be trimmed if the current sector rotation continues. We also prefer attractively valued cyclical economies, such as the United Kingdom and Japan, which should benefit from global economic recovery, while we are less optimistic on Europe, given the constraints on further stimulus from the European Central Bank (ECB). China remains our preferred EM market, although this may change should it become apparent that growth in the Chinese economy has begun to plateau.
- We view the recent steepening of the US Treasury yield curve as a correction rather than a trend, and judge equities as better value than bonds, where valuations remain stretched. Among developed market government issues, we prefer European bonds, which have received support from the ECB and are likely, in our view, to perform better than other regions if global yields move lower in any short-term downturn.
- Within credit, we have become more positive in our outlook on high-yield bonds, becoming more optimistic as default rates ease further on positive economic sentiment. Better underlying fundamentals, alongside a general risk-on environment, support high-yield debt, while the attractiveness of investment-grade credit has been lessened by the accumulation of debt on corporate balance sheets. We remain optimistic on EM debt, particularly local-currency issues, although selective positioning is important, leading us to prefer Asian issues.

Fund Details

Inception Date	26/04/2013
Benchmark	Linked 50% Bloomberg Barclays Multiverse (Hedged in EUR) + 50% MSCI All Country World Index, MSCI All Country World Index, Bloomberg Barclays Multiverse (EUR Hedged) Index

Fund Description

The fund's investment objective is to provide investors with a sustainable level of income, plus capital gains, in the medium to long term to keep pace with inflation.

Performance Data

Performance Net of Management Fees as at 31/12/2020 (Dividends Reinvested) (%)[a]

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Inception (26/04/2013)
A (Qdis) EUR	0.86	4.43	0.75	0.75	-1.83	0.10	1.73
Net of Sales Charge - A (Qdis) EUR	-4.18	-0.79	-4.29	-4.29	-3.49	-0.92	1.05
Linked 50% Bloomberg Barclays Multiverse (Hedged in EUR) + 50% MSCI All Country World Index EUR	1.30	5.45	5.94	5.94	5.86	5.83	6.74

Investment Team

Matthias Hoppe
Years with Firm 12
Years Experience 20

Todd Brighton, CFA
Years with Firm 20
Years Experience 20

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What Are the Key Risks?

The value of shares in the Fund and income received from it can go down as well as up and investors may not get back the full amount invested. Performance may also be affected by currency fluctuations. Currency fluctuations may affect the value of overseas investments. The Fund invests directly or indirectly (through financial derivative instruments, structured products or collective investment schemes) in equity and fixed income securities, and (indirectly only) alternative investments (including commodities or property). Such securities and investment instruments have historically been subject to price movements due to such factors as general stock market volatility, sudden changes in interest rates, changes in the financial outlook or perceived credit worthiness of securities issuers, or fluctuations in commodity prices or real estate values. As a result, the performance of the Fund can fluctuate over time. The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital. Other significant risks include: credit risk, foreign currency risk, derivative instruments risk, emerging markets risk, liquidity risk, multi-manager risk. For full details of all of the risks applicable to this Fund, please refer to the "Risk Considerations" section of the Fund in the current prospectus of Franklin Templeton Investment Funds.

Important Legal Information

Franklin Global Multi-Asset Income Fund is a sub-fund of the Luxembourg-domiciled Franklin Templeton Investment Funds (FTIF).

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Any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets is not necessarily indicative of the future or likely performance.

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Investors may wish to seek advice from a financial adviser before making a commitment to invest in shares of the Fund. In the event an investor chooses not to seek advice from a financial adviser, he/she should consider whether the Fund is suitable for him/her.

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The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes.

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Effective 30/06/2016, the fund's custom benchmark was adjusted to Linked 50% Bloomberg Barclays Multiverse (Hedged in EUR) + 50% MSCI All Country World Index. Performance comparison data reflects the original benchmark (55% Bloomberg Barclays Multiverse, 40% MSCI World, 5% Bloomberg Commodities) from inception to the day prior to 30/06/2016 and the new benchmark from 30/06/2016 to present day.

a. Source for all information is Franklin Templeton Investments. Benchmark related data provided by FactSet. Fund performance computed in share class currency, on NAV-NAV basis and dividends reinvested. Net of Sales Charge figures are after 5% sales charge. Past performance is no guarantee of future results. Portfolio holdings are subject to change. Periods greater than one year are shown as average annual total returns. Other commissions, taxes and other relevant costs paid by investor are not included.

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