

**Fund Commentary**
**Performance Review**

- The optimism of many US investors backed strong fourth-quarter 2020 equity-market activity as they generally looked beyond the year's historic economic disruption to eventual signs of post-pandemic normalcy.
- For the quarter, the fund's A (acc) USD shares returned 10.89%, and its benchmark, the Russell 3000 Growth Index, returned 12.41%.
- The fund underperformed the broader S&P 500 Index, which returned 12.15% for the quarter.

**QUARTERLY KEY PERFORMANCE DRIVERS**

	Stocks	Sectors
<b>HELPED</b>	Twilio, Inc. Class A	Consumer Staples (Stock Selection)
	Bill.com Holdings, Inc.	Communication Services (Stock Selection)
	Microsoft Corporation	—
<b>HURT</b>	Tesla Inc	Real Estate (Stock Selection)
	SBA Communications Corp. Class A	Consumer Discretionary (Stock Selection)
	Veeva Systems Inc Class A	Information Technology (Stock Selection)

- An underweight position in Tesla undermined relative results in the consumer discretionary sector. Strong orders and news that the high-performance electric car company would be included in the S&P 500 Index boosted the stock.
- In the real estate sector, wireless telecommunications tower operator SBA Communications reported an uptick in leasing activity in the third quarter, but also faced headwinds against a backdrop of continuing COVID-19 conditions in its markets. We continue to believe that SBA is an attractive long-term investment opportunity given the tower industry's strong barriers to entry and increasing mobile carrier spending on 5G network upgrades.
- In the information technology sector, the COVID-19 environment has increased demand for Twilio's digital communication services from businesses in telehealth, online education and remote customer care, amongst others. Twilio's application programming interfaces allow the creation of programmatic email, text and voice communications, which have generated tremendous top-line growth for the company. We consider Twilio to be a key beneficiary of the ongoing digital transformation of businesses.

**ONE-MONTH KEY PERFORMANCE DRIVERS**

	Stocks	Sectors
<b>HELPED</b>	Facebook, Inc. Class A	Consumer Staples (Stock Selection)
	Wuxi Biologics (Cayman) Inc.	Communication Services (Underweight)
	Peloton Interactive, Inc. Class A	—
<b>HURT</b>	Apple Inc.	Information Technology (Stock Selection)
	Tesla Inc	Health Care (Stock Selection)
	Novavax, Inc.	Industrials (Overweight)

- In the information technology sector, Apple has profited during the pandemic from consumers working from home and needing new digital tools. The technology giant has also seen strong growth in its wearables and services businesses. While Apple is one of the fund's top holdings, our underweight compared to the benchmark's significant position pressured relative performance.
- In the health care sector, heightened competition in the race to develop a COVID-19 vaccine weighed on the shares of Novavax, which has lagged behind other vaccine makers following several manufacturing delays.
- In the consumer discretionary sector, at-home fitness products company Peloton announced its acquisition of a commercial fitness equipment provider to help increase production capacity to respond to the surge in demand since the pandemic. We believe Peloton has room for expansion into newer European markets and the introduction of a lower-priced treadmill product can be a boost for subscriber growth.

**Outlook & Strategy**

- As we end the year, several prominent vaccines have been rolled out that should lift the dark cloud of COVID-19 that has overshadowed most of 2020. Equity markets have shown remarkable resilience since the pandemic-induced recession began in March. Even as our optimism builds, we maintain a cautiously optimistic outlook for the near term.
- At this time, we see drivers of value creation across all industries, particularly in health care, fintech (financial technology), consumer retail, and manufacturing. The firms on the forefront have been showing they understand the state of their businesses and can meet their customers' needs faster than ever, leading the way in very dynamic business environments. We are taking note of what companies have learned from their operations under the pandemic and how they might apply those lessons to their businesses over the longer term.

- We believe the broad digital transformation that has been taking place will continue to accelerate. Companies that have embraced digital transformation as a key enabler of their businesses should deliver greater performance over the long run, in our view. We do not see this changing as we see digital transformation and its associated sub-themes continuing to gain relevance as we move into a post-pandemic world.
- In the current environment, the importance of thoughtful, skilled fundamental analysis cannot be emphasised enough. We believe nimble and diversified positioning and active asset selection are crucial to any successful investment strategy. While we hold out hope for a return to normality in 2021, we stand ready to respond to any volatility by seeking to capitalise on the potential opportunities that may result.

### Fund Details

Inception Date	03/04/2000
Benchmark	Russell 3000 Growth Index

### Fund Description

The fund aims to achieve capital appreciation by investing principally in equity securities of US companies believed to possess sustainable growth characteristics and which meet growth, quality and valuation criteria. These include small-, medium- and large-capitalisation companies with strong growth potential across a wide range of sectors that have exceptional growth potential and fast-growing, innovative companies within these sectors.

### Performance Data

#### Performance Net of Management Fees as at 31/12/2020 (Dividends Reinvested) (%)<sup>a</sup>

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
A (acc) USD	3.99	10.89	42.66	42.66	22.74	18.03	14.08	5.00
Net of Sales Charge - A (acc) USD	-1.21	5.35	35.53	35.53	20.67	16.84	13.50	4.75
A (acc) SGD	2.41	7.34	40.10	40.10	22.23	16.37	14.42	9.42
Net of Sales Charge - A (acc) SGD	-2.71	1.97	33.09	33.09	20.17	15.19	13.84	9.00
Russell 3000 Growth Index USD	4.89	12.41	38.26	38.26	22.50	20.66	16.93	6.41
Russell 3000 Growth Index SGD	3.29	8.77	35.75	35.75	21.98	18.96	17.26	11.55

The Inception Date for the A (acc) USD share class and A (acc) SGD share class is 03/04/2000 and 25/10/2007 respectively.

### Investment Team

**Grant Bowers**  
Years with Firm 27  
Years Experience 27

**Sara Araghi, CFA**  
Years with Firm 17  
Years Experience 17

### 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 mainly in equity securities of companies located in or doing significant business in the U.S. Such securities have historically been subject to significant price movements that may occur suddenly due to market or company-specific factors. As a result, the performance of the Fund can fluctuate considerably over time. Other significant risks include: securities lending 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 U.S. Opportunities Fund is a sub-fund of the Luxembourg-domiciled Franklin Templeton Investment Funds (FTIF).

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**Past performance or any prediction or forecast is not necessarily indicative of future performance of the Fund.** Subscriptions may only be made on the basis of the most recent Prospectus and Product Highlights Sheet which is available at Templeton Asset Management Ltd or our authorised distributors. Potential investor should read the details of the Prospectus and Product Highlights Sheet before deciding to subscribe for or purchase the Fund. This shall not be construed as the making of any offer or invitation to anyone in any jurisdiction in which such offer is not authorised or in which the person making such offer is not qualified to do so or to anyone to whom it is unlawful to make such an offer. In particular, this Fund is not available to U.S. Persons and Canadian residents.

**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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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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