

Fund Commentary
Performance Review

- Following a turbulent late-2018 selloff, US stocks rallied broadly during 2019's first quarter. The bull market hit its 10th anniversary as the US Federal Reserve backed away from raising interest rates and investors grew more confident that the United States and China would sign a trade deal.
- For the quarter, the fund's A (acc) USD shares returned 18.72%, and its benchmark, the Russell 3000 Growth Index, returned 16.18%.

QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors
Helped	ServiceNow, Inc.	Information Technology (Stock Selection)
	CoStar Group, Inc.	Health Care (Stock Selection)
	Guardant Health, Inc.	Industrials (Stock Selection)
Hurt	ABIOMED, Inc.	—
	Heron Therapeutics Inc	—
	Lamb Weston Holdings, Inc.	—

- ServiceNow, a provider of cloud-based services that allow companies to become more automated and efficient, continues to execute well in its large addressable market. A leader in enabling digital transformation, the company is becoming a multi-platform growth business with a strong product line. The recently introduced pro version of a core offering comes at a price premium that we believe could drive revenue and billings even higher.
- In the industrials sector, real estate information and marketing company CoStar Group delivered higher sales and profits in the fourth quarter, which lifted its shares. We expect CoStar to continue to achieve robust growth with the help of its Apartments.com and LoopNet.com businesses, which concentrate on apartment rental listings and commercial property marketplaces, respectively.
- Conversely, a recent investigation by the US Food and Drug Administration into suggested higher mortality rates of patients using ABIOMED's Impella heart pump overshadowed the company's strong fiscal third-quarter financial results and increased guidance.

ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors
Helped	Nevro Corp.	Health Care (Stock Selection)
	SBA Communications Corp. Class A	Consumer Discretionary (Stock Selection)
	Amazon.com, Inc.	Industrials (Stock Selection)
Hurt	Apple Inc.	Information Technology (Stock Selection)
	Monster Beverage Corporation	Consumer Staples (Stock Selection)
	ABIOMED, Inc.	Materials (Stock Selection)

- Management changes at Nevro appeared to boost the shares of the medical device company from the health care sector. The new chief executive officer is a highly successful medical technology veteran and prior to joining Nevro built a strong track record at two publicly traded small med-tech companies.
- In the real estate sector, wireless telecom tower operator SBA Communications is seeing solid momentum in tower growth and leasing activity in the US and internationally. We continue to believe that SBAC 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.
- An underweighting in strong-performing Apple shares dampened relative returns in the information technology sector. Following material underperformance in the prior year, the company announced several new services, including TV and gaming subscriptions, which have led to share price gains.

Outlook & Strategy

- Signs continue to point towards moderate growth for the US economy in 2019, in our view. We do not see systemic deterioration in market fundamentals nor broad-based weakness in corporate fundamentals at this time. Furthermore, a strong labour market and rising wages suggest that consumers have purchasing power to drive economic activity.
- As active managers, we consider business fundamentals and not market sentiment. We look beyond short-term volatility and seek to take advantage of market weakness to build on our investment themes.
- A leading investment theme for us has been "digital transformation" as companies use technology and customer data to remain competitive. Interesting sub-themes we are following include artificial intelligence, machine learning and cloud computing.

- Our analysis indicates that even in the face of a slowing economic environment, spending on digital transformation initiatives should remain relatively resilient as companies seek to leverage data and technology to drive business.

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 31/03/2019 (Dividends Reinvested) (%)¹

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
A (acc) USD	2.87	18.72	18.72	10.71	15.49	10.25	15.17	2.94
Net of Sales Charge - A (acc) USD	-2.27	12.78	12.78	5.18	13.52	9.12	14.58	2.67
A (acc) SGD	3.16	18.05	18.05	14.48	15.72	11.92	13.88	6.79
Net of Sales Charge - A (acc) SGD	-1.99	12.15	12.15	8.75	13.74	10.77	13.29	6.31
Russell 3000 Growth Index USD	2.53	16.18	16.18	12.06	16.42	13.10	17.44	4.35
Russell 3000 Growth Index SGD	2.78	15.52	15.52	15.86	16.65	14.80	16.09	9.01

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 25
Years Experience 25

Sara Araghi, CFA

Years with Firm 15
Years Experience 15

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: liquidity 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.

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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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