

Fund Commentary

Performance Review

- Asian equities rose in August and outperformed their emerging market counterparts. Investors welcomed improving economic data, encouraging news on potential coronavirus vaccines and treatments, and a new US monetary policy approach signalling an extended period of low interest rates. However, new clusters of COVID-19 infections and shaky US-China ties capped market sentiment.
- For the month, the fund's A (Ydis) USD shares returned 4.13%, and its benchmark, the MSCI All Country Asia ex-Japan Index, returned 3.57%.

ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Meituan Dianping Class B	Financials (Stock Selection)	China (Stock Selection)
	Alibaba Group Holding Ltd. Sponsored ADR	Consumer Discretionary (Stock Selection, Overweight)	India (Stock Selection)
	Kweichow Moutai Co., Ltd. Class A	Industrials (Stock Selection)	Hong Kong (Stock Selection)
HURT	Samsung Electronics Co., Ltd.	Information Technology (Stock Selection)	South Korea (Stock Selection)
	Taiwan Semiconductor Manufacturing Co., Ltd.	Health Care (Stock Selection)	—
	Alibaba Health Information Technology Ltd.	—	—

- In China, multi-service online platform Meituan Dianping rallied. A strong pick-up in its food delivery business pushed its quarterly results past market forecasts. Meituan has gained dominance in food delivery, and we expect its profitability in this area to improve. We are also positive on its growth potential as a channel for hotels and other merchants to reach consumers.
- Chinese e-commerce giant Alibaba Group surged on better-than-expected quarterly results, thanks to strong growth in its retail and cloud computing businesses. Its financial technology arm Ant Group also filed for a joint listing in Hong Kong and Shanghai. We see multiple business segments contributing to a long runway of growth for Alibaba.
- Conversely, South Korea-based semiconductor and consumer electronics company Samsung Electronics fell. The United States tightened sanctions on Huawei Technologies, which narrowed the Chinese firm's access to semiconductors and created uncertainty for the industry. We expect the longer-term impact on Samsung to be limited—any headwind it could face as Huawei's memory chip supplier could be mitigated by the market share it stands to gain as Huawei's rival in smartphone and fifth generation wireless technology (5G) network equipment sales.

Outlook & Strategy

- Mixed developments across the COVID-19, economic, and geopolitical fronts were, on balance, supportive of investor sentiment in August. Continued strength in China's stock market drove Asian equities higher. We believe China's economic recovery is progressing well, with the potential for positive real gross domestic product growth for 2020.
- Across Asia, we see three new realities that give us confidence in the region's economies and companies. One is Asia's increased institutional resilience. Countries such as China and South Korea have benefitted from institutional reforms in years past, entering the COVID-19 crisis with stronger foundations and greater fiscal flexibility relative to history and Western peers. This bodes well for Asia's overall economic recovery.
- Second, the nature of Asian economies has changed. We have observed a shift in the last decade away from cyclical sectors and dependence on foreign demand, towards technology and domestic consumption. China has stayed on this transformation path in pursuit of more sustainable economic growth, notwithstanding the pandemic or geopolitical tensions.
- The third reality centres on innovation, and the notion of Asia "leapfrogging" the developed world in terms of infrastructure and business models. We have seen this unfold in areas such as semiconductors, mobile telecoms, and e-commerce—and more recently in new areas such as online education and health care amidst lockdowns.
- US actions against Chinese technology companies have undercut near-term investor confidence in the semiconductor and other related industries. However, we remain positive about longer-term technology demand, driven by growth in areas such as cloud applications and the Internet of Things. We believe the pandemic has fast-tracked some of these trends. We continue to have conviction in high-quality and innovative companies that demonstrate sustainable earnings power.

Fund Details

Inception Date	16/04/1991
Benchmark	MSCI All Country Asia ex-Japan Index

Fund Description

The Fund aims to achieve long-term capital appreciation by investing primarily in equity securities listed in Asia (excluding Australia, New Zealand and Japan).

Performance Data

Performance Net of Management Fees as at 31/08/2020 (Dividends Reinvested) (%)¹

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
A (Ydis) USD	4.13	24.54	6.33	19.90	2.85	8.61	3.39	5.19
Net of Sales Charge - A (Ydis) USD	-1.08	18.31	1.01	13.91	1.11	7.50	2.86	5.01
A (acc) SGD	3.13	19.89	7.54	17.61	2.98	7.82	3.43	0.42
Net of Sales Charge - A (acc) SGD	-2.03	13.89	2.17	11.73	1.24	6.72	2.90	0.02
MSCI All Country Asia ex-Japan Index USD	3.57	21.93	7.23	21.96	5.69	10.85	6.97	7.66
MSCI All Country Asia ex-Japan Index SGD	2.69	17.29	8.43	19.54	5.73	10.04	7.01	2.92

The Inception Date for the A (Ydis) USD share class and A (acc) SGD share class is 16/04/1991 and 25/10/2007 respectively.

Investment Team

Sukumar Rajah
Years with Firm 26
Years Experience 29

Eric Mok, CFA
Years with Firm 22
Years Experience 22

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 Asia. Emerging markets have historically been subject to significant price movements, frequently to a greater extent than equity markets globally. As a result, the performance of the Fund can fluctuate significantly over relatively short time periods. Other significant risks include: foreign currency risk, emerging markets risk, liquidity risk, Chinese market 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

Templeton Asian Growth Fund is a sub-fund of the Luxembourg-domiciled Franklin Templeton Investment Funds (FTIF).

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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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1. 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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