

Performance Review

- Global bonds moved higher overall in November, although the month was marked by significant divergence in performance. Government bonds were generally stronger, with dovish comments from the US Federal Reserve (Fed) sparking a rally in US Treasuries, but corporate bonds mostly lost ground, hurt by weaker investment flows and tightening liquidity.
- For the month, the fund's A (acc) USD shares returned 0.30%, and its benchmark, the Bloomberg Barclays Global Aggregate Index, returned 0.31%.

ONE-MONTH KEY PERFORMANCE DRIVERS

	Currencies	Duration	Sector Allocation	Security Selection
HELPED	Polish zloty overweight	Poland overweight	US Treasuries overweight	Polish government bonds
	Japanese yen underweight	Indonesia overweight	Italian government bonds overweight	—
	Indonesian rupiah overweight	—	—	—
HURT	Canadian dollar overweight	US underweight	Eurozone investment-grade corporate industrial bonds overweight	Italian government bonds
	South Korean won underweight	Mexico overweight	US-dollar investment-grade corporate financial bonds overweight	Japanese government-related agency bonds
	—	Canada underweight	US mortgage-backed securities underweight	Eurozone investment-grade corporate industrial bonds

- The fund's currency positioning contributed to relative returns, helped by a recovery in some emerging-market currencies that had been impacted by the US dollar's strong rally in recent months.
- In contrast, the fund's duration and yield-curve positioning held back relative performance, hampered by an underweight duration stance on US bonds as US Treasuries rallied.
- Elsewhere, the fund's underweight allocation to the UK market and its overweight to US Treasuries contributed to relative results, though its security selection modestly detracted, largely as a result of selection among Italian government bonds.

Outlook & Strategy

- As well as reacting to signs of a more dovish approach from the Fed, investor sentiment has been impacted in recent weeks by concerns about growth across the rest of the global economy.
- However, the dynamism of economic activity in the United States remains considerable, underpinned by the enduring strength of its labour market and consumer spending as well as the recent fall in energy prices.
- Much of the uncertainty behind recent market volatility is related to trade and, with the nature of the critical trading relationship between the United States and China still unresolved, could continue for some time.

Fund Details

Inception Date	22/06/2012
Benchmark	Bloomberg Barclays Global Aggregate Index

Fund Description

The fund seeks to maximise, consistently with prudent investment management, total investment return through a combination of interest income capital appreciation by investing principally in fixed or floating rate debt securities issued by governments, government-related entities and corporations worldwide. The fund invests in investment-grade securities, and may also invest in investment-grade emerging-market debt securities.

Performance DataPerformance Net of Management Fees as at 30/11/2018 (Dividends Reinvested) (%)¹

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Inception (22/06/2012)
A (acc) USD	0.30	-1.95	-4.83	-4.65	-1.01	-0.76	0.06
Net of Sales Charge - A (acc) USD	-4.72	-6.85	-9.59	-9.42	-2.68	-1.77	-0.73
Bloomberg Barclays Global Aggregate Index USD	0.31	-1.66	-3.16	-2.82	2.20	0.55	0.65

Investment Team

John Beck
 Years with Firm 28
 Years Experience 31

David Zahn, CFA
 Years with Firm 12
 Years Experience 24

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 investment grade debt securities issued by any government or corporation worldwide. Such securities have historically been subject to price movements, generally due to interest rates changes or movements in the bond market. As a result, the performance of the Fund can fluctuate moderately over time. Other significant risks include: credit risk, currency risk, derivatives risk, 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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