



FRANKLIN TEMPLETON INVESTMENTS

Templeton Latin America Fund—A (Ydis) USD

Franklin Templeton Investment Funds

Fund Manager Report

Blend Equity
28 February 2019

Product Details¹

Fund Assets	\$1,032,814,823.58
Fund Inception Date	28/02/1991
Number of Issuers	30
Bloomberg	TEMLAAI LX
ISIN	LU0029865408
Base Currency	USD
Investment Style	Blend
Benchmark	MSCI EM Latin America Index
Morningstar Category™	Latin America Equity

Asset Allocation²

Percent of Total	%
Equity	98.42
Cash & Cash Equivalents	1.58
Fixed Income	0.00

Fund Description

The Fund aims to achieve long-term capital appreciation by investing primarily in equity securities of issuers incorporated or having their principal business activities in the Latin American region.

Performance Data

Performance Net of Management Fees as at 28/02/2019 (Dividends Reinvested) (%)³

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
A (Ydis) USD	-2.73	11.17	12.18	-4.72	17.04	-0.17	5.22	7.12
Net of Sales Charge - A (Ydis) USD	-7.59	5.61	6.57	-9.48	15.04	-1.19	4.68	6.92
A (acc) SGD	-2.32	9.49	11.20	-2.85	15.51	1.10	3.79	-2.91
Net of Sales Charge - A (acc) SGD	-7.21	4.02	5.64	-7.71	13.55	0.07	3.26	-3.35
MSCI EM Latin America Index USD	-3.69	9.89	10.72	-4.86	19.62	2.26	6.94	11.80
MSCI EM Latin America Index SGD	-3.22	8.23	9.76	-2.82	18.03	3.59	5.51	-1.50

Cumulative Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
A (Ydis) USD	-2.73	11.17	12.18	-4.72	60.28	-0.86	66.27	585.38
Net of Sales Charge - A (Ydis) USD	-7.59	5.61	6.57	-9.48	52.26	-5.82	57.96	551.11
A (acc) SGD	-2.32	9.49	11.20	-2.85	54.09	5.61	45.03	-28.50
Net of Sales Charge - A (acc) SGD	-7.21	4.02	5.64	-7.71	46.39	0.33	37.77	-32.08
MSCI EM Latin America Index USD	-3.69	9.89	10.72	-4.86	71.11	11.81	95.65	2,169.37
MSCI EM Latin America Index SGD	-3.22	8.23	9.76	-2.82	64.38	19.27	70.99	-15.72

The Inception Date for the A (Ydis) USD share class and A (acc) SGD share class is 28/02/1991 and 25/10/2007 respectively.

Portfolio Manager Insight

Performance Review

ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Bolsa Mexicana de Valores	Financials (Stock Selection)	Mexico (Stock Selection)
	Grupo Mexico	Communication Services (Lack of Exposure)	Italy (Off-benchmark Exposure)
	TOTVS	Information Technology (Stock Selection)	Chile (Stock Selection)
HURT	BRF	Consumer Discretionary (Stock Selection, Overweight)	Colombia (Lack of Exposure)
	Vale	Materials (Underweight)	—
	Lojas Americanas	—	—

1. All holdings are subject to change. Holdings of the same issuers have been combined.

- Exchange operator Bolsa Mexicana de Valores rose on the back of stronger quarterly earnings, helped by an increase in revenues as equity trading volumes grew. In our view, Mexico’s underpenetrated financial markets present the company with opportunities for growth.
- Mining, transportation and infrastructure company Grupo Mexico finished the month higher even as its quarterly earnings fell. A bout of weakness in the stock created buying opportunities for bargain hunters. We believe Grupo Mexico’s businesses remain fundamentally sound, and we find the stock attractively valued.
- Conversely, Brazil-based food company BRF declined. Its net loss for 2018 widened as it continued to deal with the fallout from a food safety scandal in a slowing domestic economy. BRF has been restructuring its operations, and success on this front could restore growth to a company that is one of the largest meat producers globally.

Outlook & Strategy

- US interest rate hike expectations have declined, spurring gains in EM currencies and equities, as well as large investor flows into the EM asset class. Easing global trade tensions have further benefitted sentiment. However, we believe that for the market rally to be sustainable, corporate earnings need to strengthen. Improving corporate governance in EMs could also contribute to a longer-term rerating.
- We have a constructive outlook for Latin America as economic policies gain renewed attention following the end of major elections. In Brazil, the president presented a long-awaited social security reform proposal targeting fiscal savings of around US\$300 billion over 10 years. Though political negotiations could lead to some dilution in the proposal, we still view it as a step in the right direction to reduce the government’s fiscal deficit.
- Mexico’s stock market has been hampered by policy uncertainty, including concerns around a government proposal to reduce bank fees. We see encouraging signs that the final rules could have a limited impact on the banking industry. Near-term worries aside, we believe Mexico continues to offer compelling investment opportunities in the long run.
- Amongst the fund’s top holdings are financials companies and retailers that appear well-positioned to benefit from the region’s long-term economic development. We favour companies in which we have confidence in management’s ability to deliver sustainable growth that the market may be mispricing.

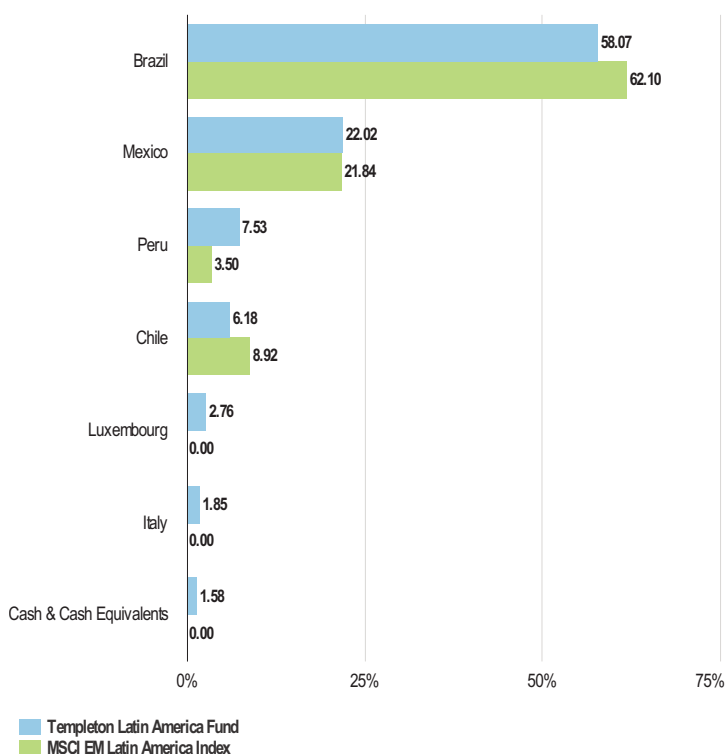
Portfolio Characteristics^{4,5}

	Portfolio	MSCI EM Latin America Index
Price to Earnings (12-Month Trailing)	17.55x	17.12x
Price to Book	2.50x	2.00x
Price to Cash Flow	9.85x	9.09x
Market Capitalisation (Millions in USD)	28,802	28,053
Dividend Yield	2.47%	3.22%

Portfolio Diversification

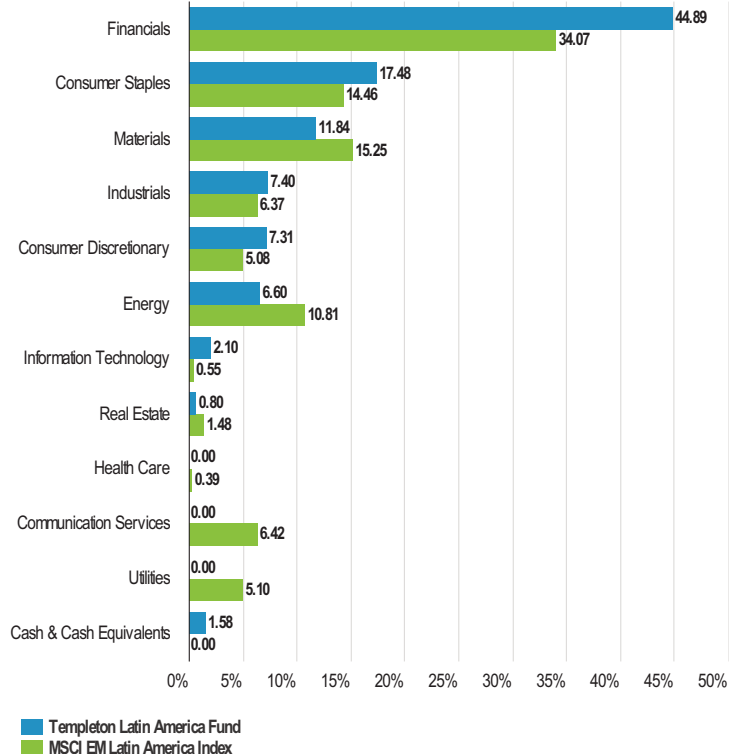
Geographic Weightings vs. MSCI EM Latin America Index²

Percent of Total



Sector Weightings vs. MSCI EM Latin America Index²

Percent of Total



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Top Ten Holdings⁶

Percent of Total

Top Holdings	Sector	Country	%
ITAUSA - INVESTIMENTOS ITAU SA	Banks	Brazil	8.84
BANCO BRADESCO SA	Banks	Brazil	7.30
B3 SA - BRASIL BOLSA BALCAO	Diversified Financials	Brazil	6.74
GRUPO FINANCIERO BANORTE SAB DE CV	Banks	Mexico	5.39
BOLSA MEXICANA DE VALORES SAB DE CV	Diversified Financials	Mexico	5.20
LOJAS AMERICANAS SA	Retailing	Brazil	4.89
PETROLEO BRASILEIRO SA	Energy	Brazil	4.75
GRUPO MEXICO SAB DE CV	Materials	Mexico	4.03
RUMO SA	Transportation	Brazil	4.00
INTERCORP FINANCIAL SERVICES INC	Banks	Peru	3.94

Supplemental Performance Statistics**Supplemental Risk Statistics⁷**

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Templeton Latin America Fund	23.62	22.86	23.63	-
MSCI EM Latin America Index	24.97	24.63	25.00	27.92
Tracking Error (%)	4.82	4.63	4.47	-
Information Ratio⁸	-0.53	-0.52	-0.39	-
Beta	0.93	0.91	0.93	-
Sharpe Ratio				
Templeton Latin America Fund	0.67	-0.04	0.20	-
MSCI EM Latin America Index	0.74	0.06	0.26	0.33

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Gustavo Stenzel, CFA, Executive Vice President	20	21

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 Latin America. Such 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: currency risk, emerging markets 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.

7. Beta, Information Ratio and Tracking Error information are measured against the MSCI EM Latin America Index.

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Performance figures are not based on audited financial statements and assume reinvestment of interest and dividends. When comparing the performance of Franklin Templeton Investment Funds (the "Fund") with a benchmark index, it is important to note that the securities in which the Fund invests may be substantially different than those represented by the benchmark index. Furthermore, an investment in Franklin Templeton Investment Funds represents an investment in a managed investment company in which certain charges and expenses, including management fees, are applicable. These charges and expenses are not applicable to indices. Lastly, please note that indices are unmanaged and are not available for direct investment. Certain data and other information shown have been supplied by outside sources. While we consider that information to be reliable, we give no assurance that such data and information is accurate or complete.

The indices include a greater number of securities than those held in the Fund.

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2. Information is historical and may not reflect current or future portfolio characteristics. Percentage may not equal 100% due to rounding. All holdings are subject to change.
3. 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.
4. The portfolio characteristics listed are based on the fund's underlying holdings, and do not necessarily reflect the fund's characteristics. Due to data limitations all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between the portfolio's reported characteristics and the portfolio's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they believe is most appropriate at the time of purchase. The market capitalisation figures for both the portfolio and the benchmark are at the security level, not aggregated up to the main issuer. Source: Factset. Price ratio calculations for weighted average use harmonic means. Any exceptions to this are noted. The Estimated 3-5 Year EPS Growth uses simple weighted average means. There can be no assurance that the Estimated 3-5 Year EPS Growth will be realised. Information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change.
5. The dividend yield quoted here is the yield on securities within the portfolio and should not be used as an indication of the income received from this portfolio.
6. Holdings of the same issuers have been combined. Top ten holdings information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change. The information provided is not a recommendation to purchase, sell, or hold any particular security. The securities identified do not represent the fund's entire holdings and in the aggregate may represent only a small percentage of such holdings. There is no assurance that securities purchased will remain in the fund, or that securities sold will not be repurchased. The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included.
8. Information Ratio is a way to evaluate a manager's ability to outperform a benchmark in relation to the risk that manager is assuming, with risk defined as deviation from the benchmark. This measure is calculated by dividing the portfolio's excess return (portfolio return less the benchmark return) by the tracking error (derived by taking the standard deviation of the monthly differences between the portfolio return and the benchmark return over time).



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