

**Product Details<sup>1</sup>**

Fund Assets	\$707,484,941.28
Fund Inception Date	01/06/1994
Number of Issuers	73
Bloomberg	TEMGBLI LX
ISIN	LU0052756011
Base Currency	USD
Investment Style	Balanced / Hybrid
Benchmark	Custom 65% MSCI ACWI-NR + 35% JP Morgan Global Government Bond Index
Morningstar Category™	USD Moderate Allocation

**Asset Allocation**

Market Value—Percent of Total	%
Equity	69.53
Fixed Income	17.52
Cash & Cash Equivalents	12.95

**Fund Description**

The fund seeks capital appreciation and current income by investing principally in equity securities and government debt securities issued by entities throughout the world, including emerging markets. The portfolio manager anticipates that the majority of the fund's portfolio is normally invested in equity or equity-linked securities.

**Performance Data<sup>2,3</sup>**
**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 (01/06/1994)
A (Qdis) USD	5.32	14.57	6.32	6.32	2.65	5.33	4.50	5.27
Net of Sales Charge - A (Qdis) USD	0.06	8.85	1.00	1.00	0.91	4.26	3.97	5.06
Custom 65% MSCI ACWI-NR + 35% JP Morgan Global Government Bond Index USD	3.43	10.32	14.69	14.69	8.66	9.83	7.00	6.96

**Cumulative Performance (%)**

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (01/06/1994)
A (Qdis) USD	5.32	14.57	6.32	6.32	8.15	29.68	55.34	291.35
Net of Sales Charge - A (Qdis) USD	0.06	8.85	1.00	1.00	2.74	23.20	47.57	271.78
Custom 65% MSCI ACWI-NR + 35% JP Morgan Global Government Bond Index USD	3.43	10.32	14.69	14.69	28.29	59.82	96.76	498.76

**Portfolio Manager Insight**
**Performance Review**
**QUARTERLY KEY PERFORMANCE DRIVERS**

	Equity	Fixed Income
<b>HELPED</b>	United States (Stock Selection)	Colombian Peso
	Information Technology (Stock Selection)	Japanese Yen (Net-Positive Position)
	Japan (Stock Selection)	Duration Exposure in Mexico
<b>HURT</b>	Canada (Stock Selection)	—
	France (Stock Selection, Overweight)	—
	Germany (Stock Selection, Overweight)	—

- In the equity portfolio, performance in the information technology sector was led higher by our investment in South Korean semiconductor and consumer electronics manufacturer Samsung Electronics. Its shares rose to a record on signs of a cyclical upswing in the memory business and expectations that the company's mobile and 5G network gear businesses would benefit from tighter trade sanctions on Chinese rivals. We also see significant optionality around capital deployment, given the over US\$100 billion on Samsung's balance sheet, and are encouraged by its commitment to return capital to shareholders. Overall, we believe the stock is not expensive for a global technology leader with strong competitive positions across a number of attractive businesses.

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

2. Custom 65% MSCI ACWI-NR + 35% JP Morgan Global Government Bond Index reflects performance of the Custom 65% MSCI ACWI + 35% JP Morgan Global Government Bond Index (gross returns) from fund inception through 31 December 2000 and the Custom 65% MSCI ACWI-NR + 35% JP Morgan Global Government Bond Index thereafter.

3. Net Returns (NR) include income net of tax withholding when dividends are paid.

- Canadian precious metals firm Wheaton Precious Metals, one of the equity portfolio's top-performing stocks over the trailing one-, three- and five-year periods, was amongst the biggest individual stock detractors in a weak period for gold. Precious metals sold off with other perceived safe havens in November after positive vaccine news sparked a strong recovery in investor risk appetite. Wheaton has grown into a top holding for us over the years, and we continued to trim the stock during the period to manage position sizing.
- In currency markets, the US dollar (USD) broadly weakened against major developed market and emerging market currencies alike during the quarter. Currency positions in Latin America (the Colombian peso) and Asia ex Japan (the South Korean won) contributed to the fixed income portfolio's absolute performance. Its net-positive position in the Japanese yen also contributed to absolute results. Sovereign bond yields declined in much of core Europe, Latin America and Asia, notably Brazil, Mexico, Colombia and India. Select duration exposures in Latin America (Mexico) contributed to the fixed income portfolio's absolute performance. On the duration front, we continue to see value in specific local-currency emerging markets, specifically in countries with domestically driven economies that are less vulnerable to external shocks. There were no notable detractors from the fixed income portfolio's absolute performance for the quarter.
- From a positioning standpoint in fixed income, we continue to maintain low portfolio duration. We are significantly underweight developed market duration, preferring to hold short- to intermediate-term US Treasuries, while holding no exposure to the long end of the curve. We hold no duration exposure in the eurozone. Instead, we continue to emphasise select local-currency bonds outside of the major developed markets, in countries that we view as having resilient fundamentals and attractive risk-adjusted yields. We are holding various unhedged local-currency positions, notably in South Korea, India, Ghana and Colombia. We are also focusing on value opportunities in specific currencies, focusing on countries with surplus economies, notably in Japan and other areas of Asia. We have notable long exposures in the Japanese yen and Chinese yuan against the USD. We have become increasingly constructive in various areas of the global fixed income markets, notably in areas of Asia, as we expect vaccine distributions to improve economic activity in the second half of 2021.

#### ONE-MONTH KEY PERFORMANCE DRIVERS

	Equity	Fixed Income
HELPED	Information Technology (Stock Selection)	South Korean Won
	Communication Services (Stock Selection)	Colombian Peso
	United States (Stock Selection)	Japanese Yen (Net-Positive Position)
HURT	Financials (Stock Selection)	—
	Industrials (Stock Selection)	—
	Netherlands (Stock Selection)	—

- Notable equity contributors from the communication services sector included Chinese internet search firm Baidu and US-based multimedia and entertainment giant Walt Disney Company. Shares of Disney surged to an all-time high in December after management announced that the company expects its Disney+ streaming service to hit 260 million subscribers by 2024. Investors have cheered the company's plan to focus on its streaming product and produce over 100 new titles annually.
- In contrast, performance in the financials sector was pressured during a period when banks rebounded strongly. We increasingly view Western banks not as long-term investments but as public utilities in which it may be possible to benefit from buying and selling astutely during increasingly frequent cycles. Structurally, the banking sector faces challenges in an age of financial repression as low interest rates cap earnings potential and increasing government control over the provision of credit threatens to further impair the economics of lending.
- In currency markets, the USD continued to broadly weaken in December, with notable strength in Latin America. Currency positions in Asia ex Japan (the South Korean won and Indian rupee) and Latin America (the Colombian peso) contributed to the fixed income portfolio's absolute performance. Its net-positive position in the Japanese yen also contributed to absolute results. We expect the Japanese yen to appreciate against the USD in upcoming months given Japan's strong external balance.
- During the month, sovereign bond yields declined in several countries in Latin America and Asia. Select duration exposures in Latin America (Mexico) contributed to the fixed income portfolio's absolute performance. We continue to emphasise select local-currency bonds outside of the major developed markets, in countries that we view as having resilient fundamentals and attractive risk-adjusted yields. There were no notable detractors from the fixed income portfolio's absolute performance for the month.

#### Outlook & Strategy

- From a global equity perspective, while we are encouraged by recent vaccine developments and are generally optimistic about their implications, much of the good news seems discounted by expensive valuations. Low interest rates may justify high valuations, but if the combination of stimulus and vaccination succeeds in reflation the global economy, rates should move higher, at least in nominal terms. Governments burdened by debts they can never pay back cannot afford to let interest costs spike, leading us to expect continued state intervention into financial markets and the economy, with all the distortions that implies for pricing signals. The era of free markets and liberal democracy as we once knew it is likely over, in our view. The modern policy goal of engineering a permanent recovery will prove impossible.
- We expect the push and pull between inflationary and deflationary forces to accelerate, cycles to compress and growth to be harder to come by. Our continued efforts towards diversifying and upgrading the quality of the portfolio are intended to help us succeed in the challenging environment ahead. After all, uncertainty can be favourable for active investment managers with a long-term horizon and global opportunity set. We are applying all our energies and talents to uncovering what we view as the best ideas in this environment and getting them into a sensible and balanced portfolio suitable for a future of increasing adversity and complexity.
- From a global fixed income perspective, we are optimistic for the potential effectiveness of vaccine distributions in 2021, which we expect to incrementally support a rebound in economic activity midway through the year. We anticipate being constructive in a number of regions as the world transitions towards a post-COVID era, with a particular focus on areas of Asia that have addressed the health crisis and economic crisis more effectively. However, it remains crucial to be highly selective as there is wide variance in how countries have contained COVID-19, handled fiscal and monetary policy, and supported their economies.
- Environmental, social and governance (ESG) factors will play a major role in rebuilding the post-COVID world. Social cohesion and good governance have the power to accelerate a country's post-crisis recovery, or the lack thereof can stymie it. Tragically we have seen the consequences of weak ESG factors in specific emerging markets during the pandemic. Countries that were less prepared for a health crisis due

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to weaker health care systems and less developed infrastructure, and/or less prepared for an economic crisis due to fiscal imbalances, high levels of debt and external dependencies, have suffered greater damage. By contrast, countries that were in stronger fundamental shape before the crisis, with stronger institutions, lower levels of debt and more diversified economies, have generally fared better.

### Portfolio Characteristics<sup>b,c,d,e,f</sup>

	Portfolio	MSCI All Country World Index-NR
Price to Earnings (12-Month Trailing)	24.44x	27.26x
Price to Book	2.11x	2.75x
Price to Cash Flow	11.28x	15.32x
Market Capitalisation (Millions in USD)	129,369	264,849
Dividend Yield	1.70%	1.81%

	Portfolio	JP Morgan Global Government Bond Index
Yield to Maturity	2.09%	0.26%
Yield to Worst	2.09%	0.27%
Average Credit Quality <sup>4</sup>	A-	AA
Average Duration	2.09 Yrs	8.84 Yrs
Average Weighted Maturity	2.34 Yrs	10.50 Yrs

### Portfolio Diversification<sup>g</sup>

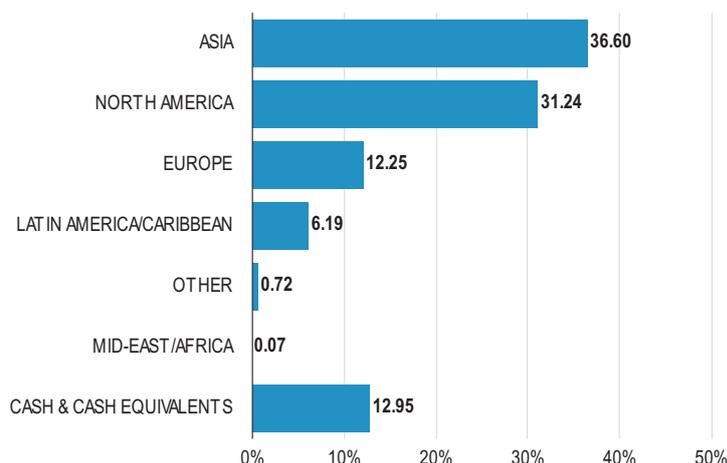
#### Top Ten Holdings<sup>g</sup>

Percent of Total

Top Holdings	%
Samsung Electronics Co. Ltd.	3.06
Government of China, 2.64%, 8/13/22	2.45
Sumitomo Metal Mining Co. Ltd.	2.43
Government of India, senior note, 7.59%, 1/11/26	2.13
Wheaton Precious Metals Corp.	2.09
Albemarle Corp.	2.04
The Walt Disney Co.	2.00
American Express Co.	1.79
Taiwan Semiconductor Manufacturing Co. Ltd.	1.71
Nota do Tesouro Nacional, 10.00%, 1/01/21	1.70

#### Geographic Allocation<sup>h</sup>

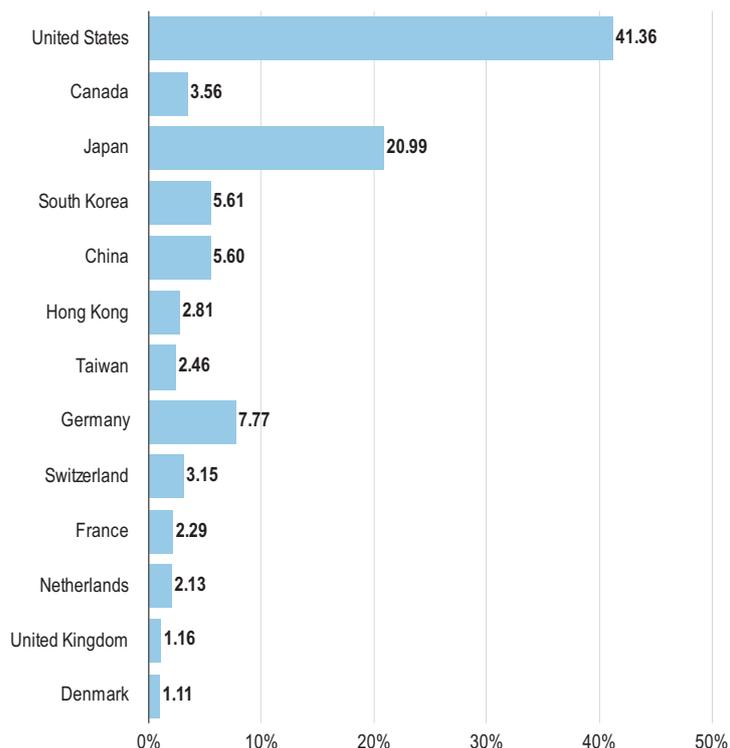
Market Value—Percent of Total



4. The average credit quality (ACQ) rating may change over time. The portfolio itself has not been rated by an independent rating agency. The letter rating, which may be based on bond ratings from different agencies, is provided to indicate the average credit rating of the portfolio's underlying bonds and generally ranges from AAA (highest) to D (lowest). For unrated bonds ratings may be assigned based on the ratings of the issuer or other relevant factors. The ACQ is determined by assigning a sequential integer to all credit ratings AAA to D, taking a simple, asset-weighted average of debt holdings by market value and rounding to the nearest rating. The risk of default increases as a bond's rating decreases, so the ACQ provided is not a statistical measurement of the portfolio's default risk because a simple, weighted average does not measure the increasing level of risk from lower rated bonds. The ACQ is provided for informational purposes only. Derivative positions are not reflected in the ACQ.

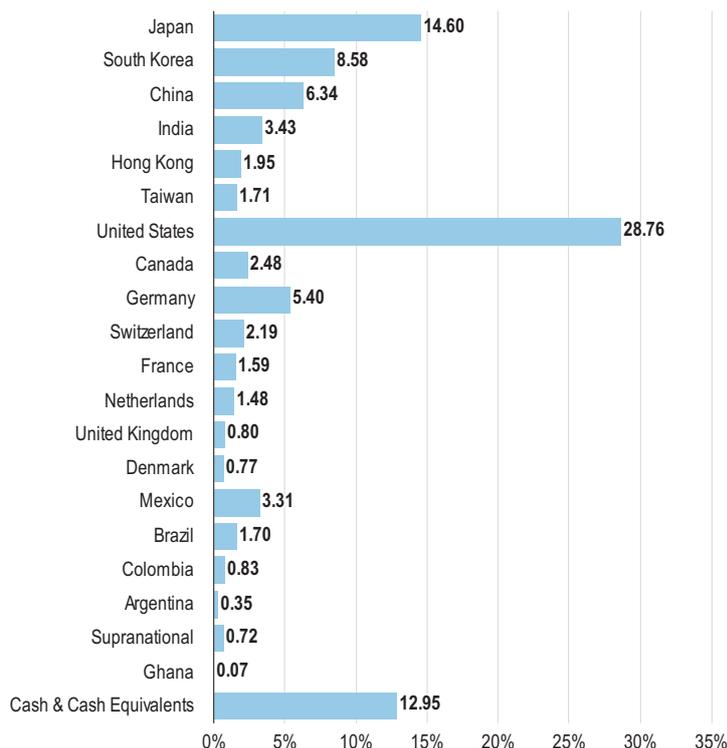
**Geographic Allocation<sup>i</sup>**

Market Value—Percent of Equity



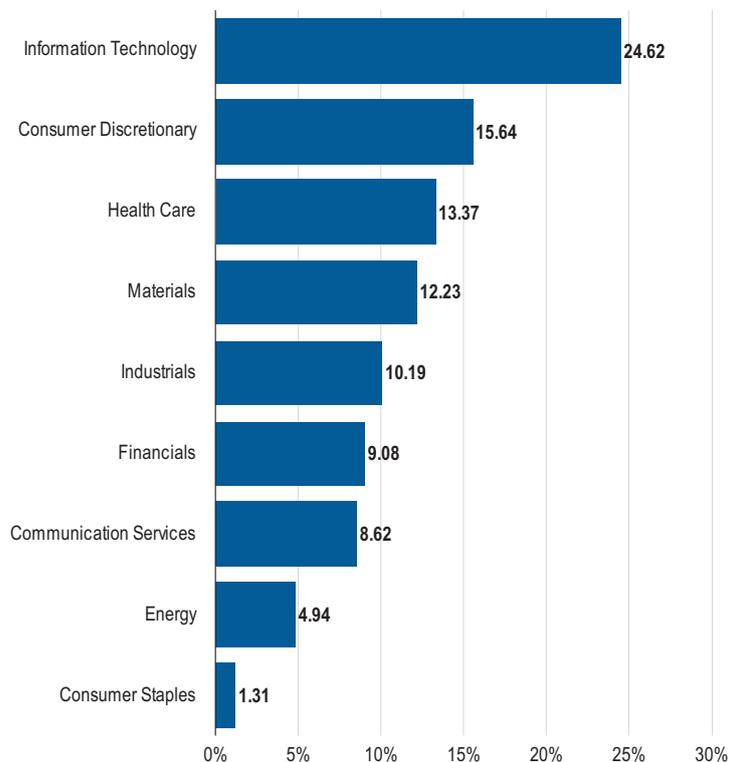
**Geographic Allocation<sup>h</sup>**

Market Value—Percent of Fixed Income



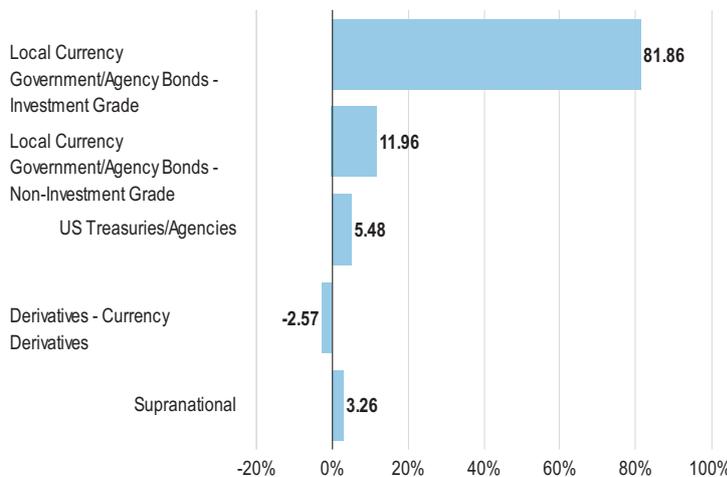
**Sector Allocation<sup>i</sup>**

Market Value—Percent of Equity



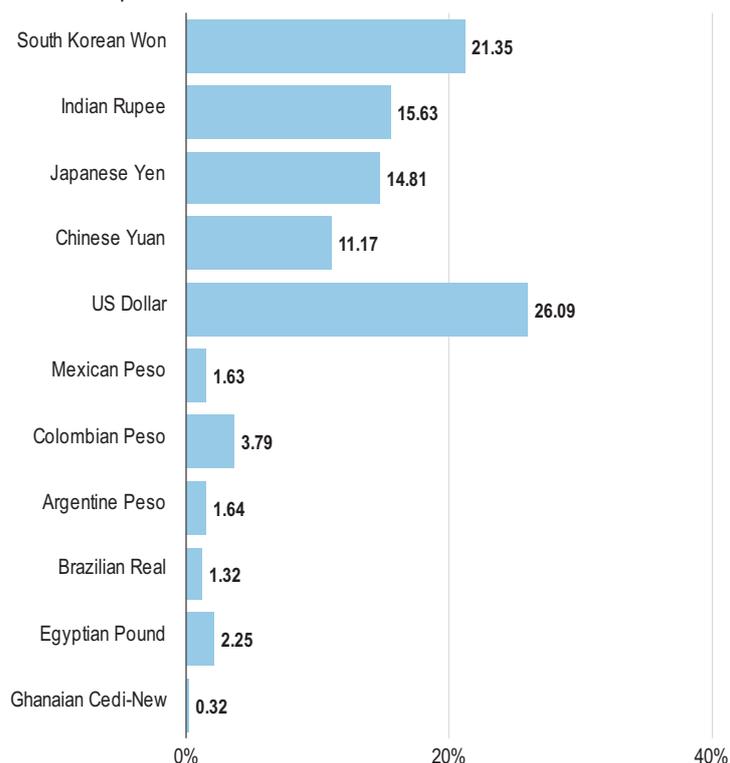
**Sector Allocation<sup>h</sup>**

Market Value—Percent of Fixed Income

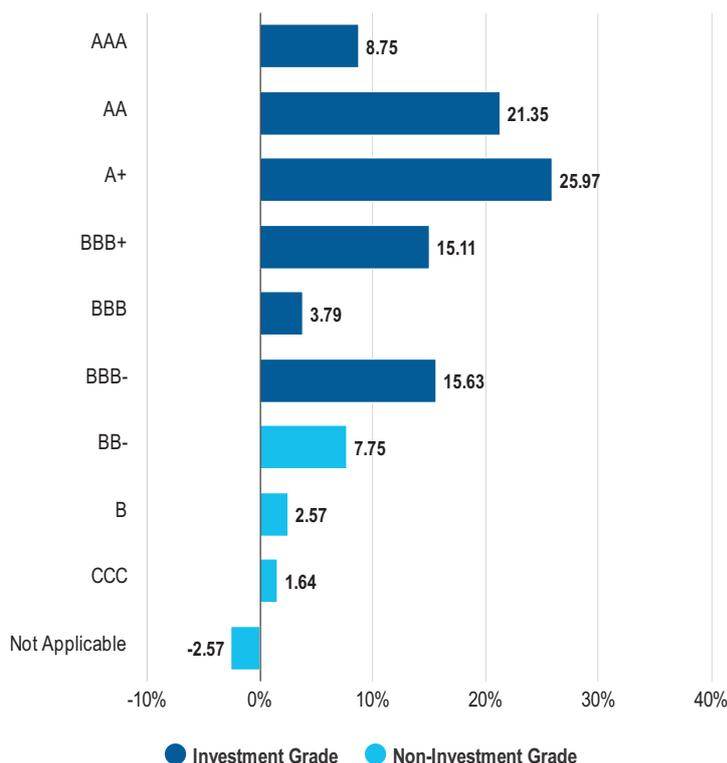


**Currency Exposure<sup>1</sup>**

Notional Exposure—Percent of Fixed Income


**Credit Quality Allocation<sup>5,6</sup>**

Market Value—Percent of Fixed Income


**Supplemental Performance Statistics<sup>7</sup>**
**Supplemental Risk Statistics<sup>8</sup>**

	3 Yrs	5 Yrs	10 Yrs	Since Inception
<b>Standard Deviation (%)</b>				
Templeton Global Balanced Fund	14.97	12.56	12.55	12.35
Custom 65% MSCI ACWI-NR + 35% JP Morgan Global Government Bond Index	11.98	10.01	9.42	10.43
<b>Tracking Error (%)</b>	5.09	4.81	4.78	5.08
<b>Information Ratio<sup>9</sup></b>	-1.18	-0.94	-0.52	-0.32
<b>Beta</b>	1.19	1.17	1.26	1.08
<b>Sharpe Ratio</b>				
Templeton Global Balanced Fund	0.08	0.34	0.31	0.24
Custom 65% MSCI ACWI-NR + 35% JP Morgan Global Government Bond Index	0.60	0.87	0.68	0.44

**Investment Team**

Portfolio Manager	Years with Firm	Years Experience
Michael Hasenstab, Ph. D.	22	25
Alan Chua, CFA	20	31
Calvin Ho, Ph. D.	15	15

5. Market value figures reflect the trading value of the investments. Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.

6. Ratings shown are assigned by one or more Nationally Recognized Statistical Rating Organizations ('NRSRO'), such as Standard & Poor's, Moody's and Fitch. The ratings are an indication of an issuer's creditworthiness and typically range from AAA or Aaa (highest) to D (lowest). When ratings from all three agencies are available, the middle rating is used; when two are available, the lowest rating is used; and when only one is available, that rating is used. Foreign government bonds without a specific rating are assigned the country rating provided by an NRSRO, if available. The Not Rated category consists of ratable securities that have not been rated by an NRSRO. The Not Applicable category consists of nonratable securities (e.g., equities). Cash and equivalents are excluded from this breakdown.

7. Net Returns (NR) include income net of tax withholding when dividends are paid.

8. Beta, Information Ratio and Tracking Error information are measured against the Custom 65% MSCI ACWI-NR + 35% JP Morgan Global Government Bond Index.

9. 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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**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, equity-related and debt securities around the world. Such securities have historically been subject to significant price movements that may occur suddenly due to equity and bond market or company-specific factors. As a result, the performance of the Fund can fluctuate considerably over time. The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital. Other significant risks include: credit risk, foreign currency risk, emerging markets risk, liquidity risk, derivatives instruments 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**

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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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**The Fund may utilise financial derivative instruments for hedging purposes and/or efficient portfolio management.**

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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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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.

b. Source: FactSet. Price ratio calculations for weighted average use harmonic means. Any exceptions to this are noted.

c. 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. **Past performance is not an indicator or a guarantee of future performance.**

d. Yield to Maturity, Yield to Worst, Average Duration and Average Weighted Maturity reflect certain derivatives held in portfolio (or their underlying reference assets).

e. All holdings are subject to change.

f. Yield figures quoted should not be used as an indication of the income that has or will be received. Yield figures are based on the portfolio's underlying holdings and do not represent a payout of the portfolio. **Past performance is not an indicator or a guarantee of future performance.**

g. 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 reserves the right to withhold release of information with respect to holdings that would otherwise be included.

h. Market value figures reflect the trading value of the investments. Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.

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i. Percentage may not equal 100% due to rounding. All holdings are subject to change.

j. Notional exposure figures are intended to estimate the portfolio's exposure, including any hedged or increased exposure through certain derivatives held in the portfolio (or their underlying reference assets). Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.



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