

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

Fund Assets	\$1,365,274,156.25
Fund Inception Date	01/03/1996
Number of Securities Including Cash	207
Bloomberg	TEMFHYI LX
ISIN	LU0065014192
Investment Style	High Yield
Benchmark	ICE BofA US High Yield Constrained Index
Morningstar Category™	USD High Yield Bond

**Asset Allocation<sup>2</sup>**

Percent of Total	%
Fixed Income	98.32
Cash & Cash Equivalents	1.09
Equity	0.59

**Overall Morningstar Rating™<sup>3</sup>**

**Fund Description**

The Fund aims to earn a high level of current income and seeks capital appreciation when consistent with its principal objective of high current income, by principally investing either directly or through the use of financial derivative instruments in Fixed Income debt Securities of US or non-US issuers of any credit ratings, if issued by US issuers, or, if issued by non-US issuers or unrated, their equivalent.

**Performance Data**
**Performance Net of Management Fees as at 30/11/2020 (Dividends Reinvested) (%)<sup>4</sup>**

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (01/03/1996)
A (Mdis) USD	3.43	2.61	4.34	6.26	4.39	6.37	4.70	4.85
Net of Sales Charge - A (Mdis) USD	-1.74	-2.52	-0.87	0.95	2.62	5.28	4.17	4.63
ICE BofA US High Yield Constrained Index USD	4.01	3.39	4.09	6.26	5.29	7.44	6.60	-

**Cumulative Performance (%)**

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (01/03/1996)
A (Mdis) USD	3.43	2.61	4.34	6.26	13.76	36.17	58.34	222.85
Net of Sales Charge - A (Mdis) USD	-1.74	-2.52	-0.87	0.95	8.07	29.36	50.42	206.71
ICE BofA US High Yield Constrained Index USD	4.01	3.39	4.09	6.26	16.73	43.18	89.42	-

**Portfolio Manager Insight**
**Performance Review**
**ONE-MONTH KEY PERFORMANCE DRIVERS**

	Security Selection	Allocation	Quality	Duration
<b>HELPED</b>	Utility	Overweight in Energy	Ratings-Quality Tilt	—
	Media Cable	Overweight in Media Non-Cable	—	—
	Media Non-Cable	Underweight in Wired	—	—
<b>HURT</b>	Energy	Underweight in Entertainment	—	—
	Finance	Overweight in Packaging	—	—
	Health Care	Overweight in Utility	—	—

- Security selection detracted from relative performance, led by our selection in the energy, finance and health care sectors. Conversely, our security selection in the utility, media cable and media non-cable industries contributed to results.
- Our industry allocation hindered performance, led by our underweight in the entertainment sector and overweight in the packaging and utility industries. Conversely, our overweight in the energy and media non-cable sectors and underweight in the wired industry benefitted results.
- Our ratings-quality exposure contributed to performance, while yield-curve positioning had a largely neutral effect on results.

1. All holdings are subject to change.

## Outlook & Strategy

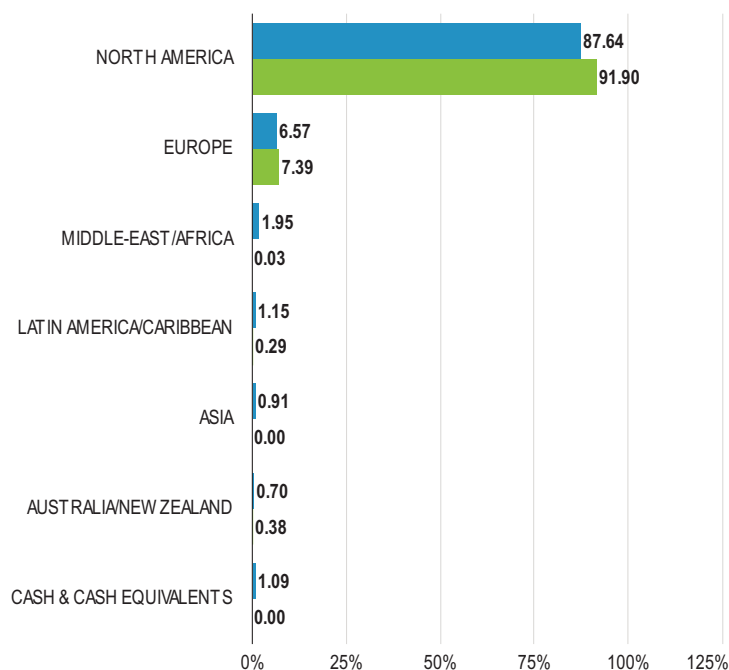
- Against the backdrop of positive vaccine developments and with uncertainties related to the US presidential election increasingly in the rear-view mirror, lower-quality credit outperformed. The CCC credit tier had the best performance, with energy and airlines leading the recovery amidst generally positive investor sentiment. Default rates outside of the energy and retail industries remained benign. Retail inflows continued in November, a trend we believe is likely to persist given investor's continuing search for yield and a move to invest cash that had been on the sidelines while markets waited for a conclusion of the US presidential election.
- While we maintain our view that investors should remain vigilant and discerning until COVID-19 related challenges subside, we continue to believe that value can be added through prudent individual security selection. We believe the HY sector remains an attractive alternative for market participants against the backdrop of a low interest rate environment and pervasive negative-yielding assets.
- In terms of portfolio positioning, our preference is to seek out the best individual credit opportunities, such as select issues in B and BB rated tiers as we believe this is a space that has good potential for outperformance. In the immediate term, we expect volatility risk to remain elevated as investors grapple with rising COVID-19 cases that could lead to further economic damage over the winter months, despite progress on the vaccine front.
- Longer term, we remain constructive and anticipate COVID-19 related headwinds to gradually dissipate throughout next year. With the possibility of a successful vaccine rollout and the expectation of additional government stimulus setting a positive macroeconomic tone going forward, we are open to exploring targeted bets in financially-healthy cyclical companies that stand to benefit from an eventual economic recovery.

## Portfolio Characteristics<sup>5,6</sup>

	Portfolio	ICE BofA US High Yield Constrained Index
Yield to Maturity	5.08%	5.34%
Yield to Worst	4.43%	4.74%
Average Credit Quality <sup>7</sup>	B+	BB-
Average Duration	3.23 Yrs	3.74 Yrs
Average Weighted Maturity	3.66 Yrs	6.54 Yrs

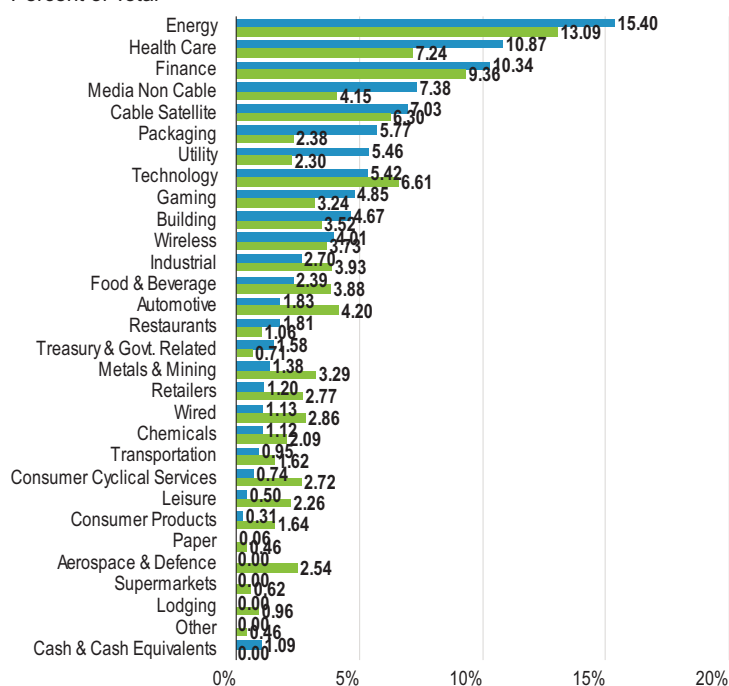
## Portfolio Diversification<sup>5</sup>

Geographic Weightings vs. ICE BofA US High Yield Constrained Index  
Percent of Total



● Franklin High Yield Fund  
● ICE BofA US High Yield Constrained Index

Sector Weightings vs. ICE BofA US High Yield Constrained Index  
Percent of Total



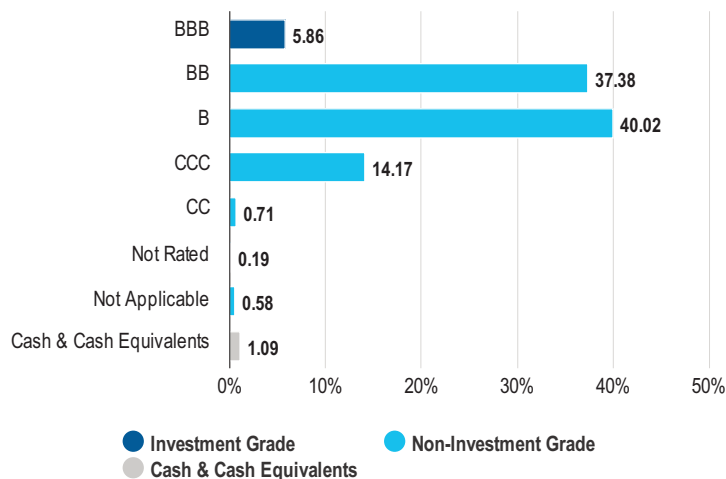
● Franklin High Yield Fund  
● ICE BofA US High Yield Constrained Index

7. 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 (or internal ratings for unrated bonds, cash and equivalents), is provided to indicate the average credit rating of the portfolio's underlying investments and generally ranges from AAA (highest) to D (lowest). For unrated bonds, cash and equivalents, ratings may be assigned based on the ratings of the issuer, the ratings of the underlying holdings of a pooled investment vehicle, 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 investments 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 may be lower if cash and equivalents are excluded from the calculation. The ACQ is provided for informational purposes only. Derivative positions are not reflected in the ACQ.

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**Credit Quality Ratings<sup>8</sup>**

Percent of Total

**Top Ten Holdings<sup>9</sup>**

Percent of Total

Top Holdings	%
HCA INC	2.45
CSC HOLDINGS LLC	1.95
CCO HLDGS LLC/CAP CORP	1.85
SPRINT COMMUNICATIONS INC	1.84
BAUSCH HEALTH COS INC	1.72
ALTICE FRANCE	1.66
OCCIDENTAL PETROLEUM COR	1.63
DAE FUNDING LLC	1.58
MRT MID PART/MRT MID FIN	1.54
CHS/COMMUNITY HEALTH SYS	1.40

**Supplemental Performance Statistics****Supplemental Risk Statistics<sup>10</sup>**

	3 Yrs	5 Yrs	10 Yrs	Since Inception
<b>Standard Deviation (%)</b>				
Franklin High Yield Fund	8.50	7.80	7.53	9.08
ICE BofA US High Yield Constrained Index	9.35	7.97	7.09	-
<b>Tracking Error (%)</b>	1.29	1.50	1.67	-
<b>Information Ratio<sup>11</sup></b>	-0.70	-0.71	-1.13	-
<b>Beta</b>	0.91	0.96	1.04	-
<b>Sharpe Ratio</b>				
Franklin High Yield Fund	0.34	0.67	0.55	0.30
ICE BofA US High Yield Constrained Index	0.40	0.79	0.85	-

**Investment Team**

Portfolio Manager	Years with Firm	Years Experience
Glenn Voyles, CFA	27	27
Patricia O'Connor, CFA	23	24
Bryant Dieffenbacher, CFA	10	13
S. James McGiveran III, CFA	14	14

**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 debt securities of any quality issued principally by corporations located in the U.S. Such securities have historically been subject to price movements, generally due to interest rates or movements in the bond market. As a result, the performance of the Fund can fluctuate 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, derivatives instruments 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.

8. 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 includes equivalents, which may be rated.

10. Beta, Information Ratio and Tracking Error information are measured against the ICE BofA US High Yield Constrained Index.

11. 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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**Important Legal Information**

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

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

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

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5. All holdings are subject to change.

6. 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.**

9. 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.

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