



FRANKLIN TEMPLETON INVESTMENTS

Templeton Emerging Markets Fund— A (Ydis) USD

Franklin Templeton Investment Funds

Fund Manager Report

Value
Equity
28 February 2019

Product Details¹

Fund Assets	\$968,533,162.07
Fund Inception Date	28/02/1991
Number of Issuers	90
Bloomberg	TEMEMKI LX
ISIN	LU0029874905
Base Currency	USD
Investment Style	Blend
Benchmark	MSCI Emerging Markets Index
Morningstar Category™	Global Emerging Markets Equity

Asset Allocation²

Percent of Total	%
Equity	95.06
Cash & Cash Equivalents	4.94
Fixed Income	0.00

Overall Morningstar Rating™³



Fund Description

Long-term capital growth by investing mainly in equity securities of emerging market companies, or those companies which derive a significant proportion of their revenues or profits from emerging economies.

Performance Data

Performance Net of Management Fees as at 28/02/2019 (Dividends Reinvested) (%)⁴

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
A (Ydis) USD	-0.08	6.85	10.34	-10.28	16.16	2.21	8.61	4.82
Net of Sales Charge - A (Ydis) USD	-5.08	1.51	4.82	-14.77	14.18	1.16	8.06	4.62
A (acc) SGD	0.36	5.25	9.35	-8.48	14.64	3.53	7.15	-1.50
Net of Sales Charge - A (acc) SGD	-4.66	-0.01	3.88	-13.05	12.69	2.47	6.60	-1.95
MSCI Emerging Markets Index USD	0.23	6.20	9.02	-9.54	15.48	4.52	10.70	8.24
MSCI Emerging Markets Index SGD	0.72	4.59	8.07	-7.60	13.94	5.87	9.22	0.26

Cumulative Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
A (Ydis) USD	-0.08	6.85	10.34	-10.28	56.70	11.54	128.45	273.18
Net of Sales Charge - A (Ydis) USD	-5.08	1.51	4.82	-14.77	48.86	5.96	117.03	254.52
A (acc) SGD	0.36	5.25	9.35	-8.48	50.63	18.93	99.52	-15.80
Net of Sales Charge - A (acc) SGD	-4.66	-0.01	3.88	-13.05	43.10	12.98	89.54	-20.01
MSCI Emerging Markets Index USD	0.23	6.20	9.02	-9.54	53.94	24.71	176.26	817.09
MSCI Emerging Markets Index SGD	0.72	4.59	8.07	-7.60	47.88	33.03	141.43	3.04

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	Ping An Bank	Consumer Staples (Stock Selection)	Cambodia (Off-benchmark Exposure)
	Taiwan Semiconductor Manufacturing Company	Energy (Stock Selection)	Taiwan (Stock Selection)
	NagaCorp	Real Estate (Lack of Exposure)	United States
HURT	Banco Santander (Mexico)	Financials (Stock Selection)	China (Underweight)
	Astra International	Health Care (Stock Selection)	India (Stock Selection)
	Naspers	Materials (Stock Selection)	Indonesia (Stock Selection)

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

- Banco Santander (Mexico) declined. A weaker outlook for Mexico’s economy and uncertainty around a government proposal to reduce bank fees weighed on the country’s financials stocks. Nonetheless, we remain confident in Santander’s strong domestic franchise, and we believe its digitalisation push has the potential to accelerate its longer-term growth.
- Indonesia-based Astra International finished lower. The conglomerate, which has a diversified exposure to the auto, financial services and commodities industries, posted soft quarterly results. Despite this, we believe Astra remains on steady footing, aided by its position as a leading auto player in Indonesia.
- Meanwhile, chip maker Taiwan Semiconductor Manufacturing Company (TSMC) gained. Advancing US-China trade negotiations lifted the outlook for companies within the global technology supply chain. We favour TSMC for its strong technological lead, and we expect its long-term growth to be driven by rising silicon content in smartphones, as well as the rapid development of artificial intelligence, autonomous driving and the Internet of Things.

Outlook & Strategy

- US interest rate hike expectations have declined sharply, 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 believe that technology will continue to reshape EMs. Technology disruptors are changing industry landscapes as they build ecosystems extending beyond their core businesses to gain and keep users. Numerous companies are embracing innovation to stay competitive, and new products and services have the potential to improve consumers’ lives.
- The transformation of the EM consumer is another key theme for us. Favourable demographics, rising urbanisation and low household leverage in some areas are major drivers of a growing consumer market. Rising affluence also continues to support demand for higher-end products as part of a “premiumisation” trend.
- We remain positive about the long-term investment opportunities that EMs offer, and we favour companies in which we have confidence in management’s ability to deliver sustainable growth that the market may be mispricing.

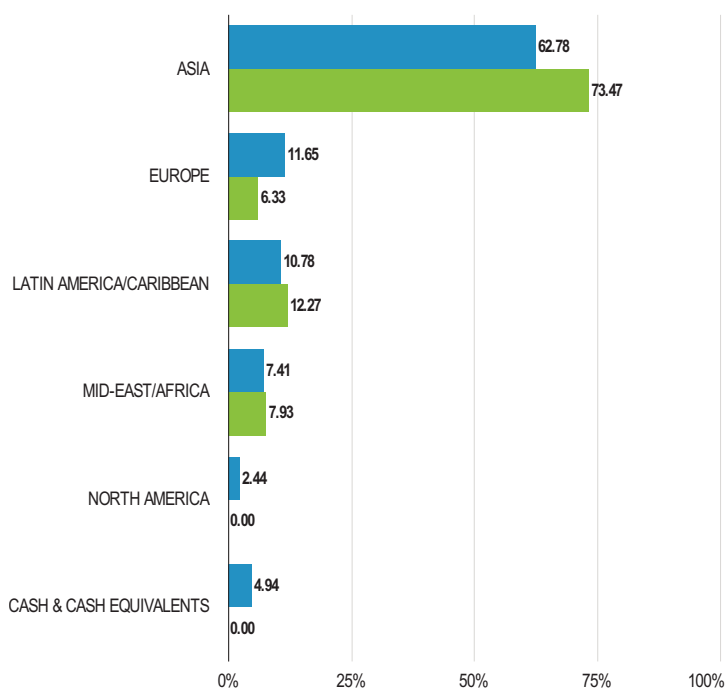
Portfolio Characteristics^{5,6}

	Portfolio	MSCI Emerging Markets Index
Price to Earnings (12-Month Trailing)	10.90x	12.79x
Price to Book	1.65x	1.62x
Price to Cash Flow	5.64x	8.18x
Market Capitalisation (Millions in USD)	107,302	75,752
Dividend Yield	2.58%	2.75%

Portfolio Diversification

Geographic Weightings vs. MSCI Emerging Markets Index²

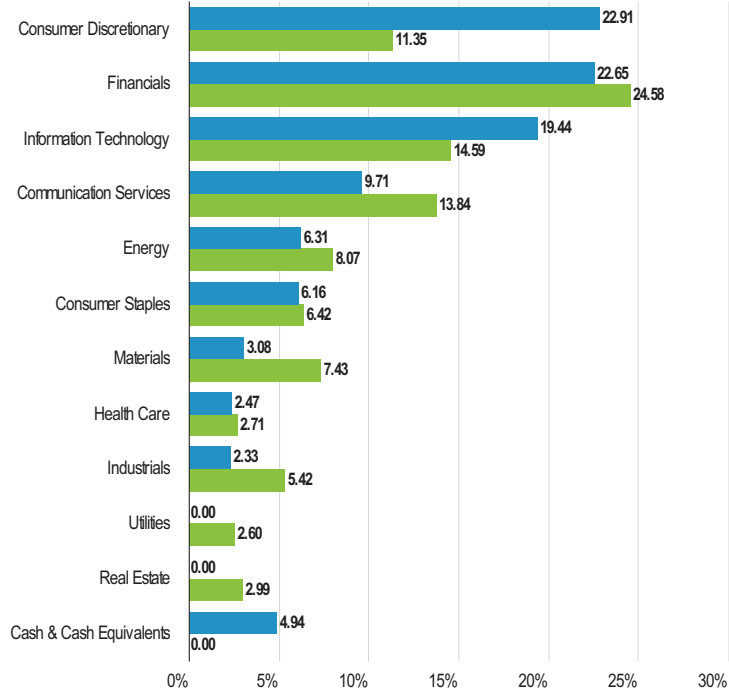
Percent of Total



■ Templeton Emerging Markets Fund
■ MSCI Emerging Markets Index

Sector Weightings vs. MSCI Emerging Markets Index²

Percent of Total



■ Templeton Emerging Markets Fund
■ MSCI Emerging Markets Index

Top Ten Holdings⁷

Percent of Total

Top Holdings	Sector	%
SAMSUNG ELECTRONICS CO LTD	Technology Hardware & Equipment	7.16
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	Semiconductors & Semiconductor Equipment	6.66
NASPERS LTD	Retailing	6.08
ALIBABA GROUP HOLDING LTD	Retailing	5.03
BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LTD	Automobiles & Components	3.29
UNILEVER PLC	Household & Personal Products	3.18
ICICI BANK LTD	Banks	3.04
TENCENT HOLDINGS LTD	Media & Entertainment	2.78
LUKOIL PJSC	Energy	2.63
PING AN BANK CO LTD	Banks	2.14

Supplemental Performance Statistics**Supplemental Risk Statistics⁸**

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Templeton Emerging Markets Fund	14.45	14.55	18.74	21.10
MSCI Emerging Markets Index	14.63	15.17	19.10	21.94
Tracking Error (%)	3.28	4.28	4.54	8.56
Information Ratio⁹	0.21	-0.54	-0.46	-0.40
Beta	0.96	0.92	0.95	0.89
Sharpe Ratio				
Templeton Emerging Markets Fund	1.04	0.10	0.44	0.10
MSCI Emerging Markets Index	0.98	0.25	0.54	0.26

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Chetan Sehgal, CFA, Senior Management Director, Director of Portfolio Management, Emerging Markets Equities	23	24
	Number of Members	Average Years Experience
Portfolio Managers/Analysts	7	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 the equity securities of emerging markets around the world, which 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 considerably over time. Other significant risks include: emerging markets risk, currency risk, liquidity risk, operational risk, Shanghai-Hong Kong Stock Connect 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. Beta, Information Ratio and Tracking Error information are measured against the MSCI Emerging Markets Index.

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

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5. 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. Information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change.
6. 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.
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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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