

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

Fund Assets	\$1,630,259,991.24
Fund Inception Date	14/10/2008
Number of Issuers	78
Bloomberg	TEMASAU LX
ISIN	LU0390135332
Base Currency	USD
Investment Style	Blend
Benchmark	MSCI All Country Asia Ex-Japan Small Cap Index
Morningstar Category™	Asia ex-Japan Small/Mid-Cap Equity

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

Percent of Total	%
Equity	92.49
Cash & Cash Equivalents	7.51
Fixed Income	0.00

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

**Fund Description**

The Fund aims to achieve long-term capital appreciation by investing primarily in small cap companies incorporated in the Asia region (except Japan) or whose principal business activity is in the Asia region. Asian small cap companies are those having a market capitalisation at the time of initial purchase within the range of the market capitalisations of companies included in the MSCI AC Asia ex-Japan Small Cap Index (Index).

**Performance Data**
**Performance Net of Management Fees as at 30/04/2019 (Dividends Reinvested) (%)<sup>4</sup>**

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (14/10/2008)
A (acc) USD	0.69	10.84	12.88	-2.59	10.76	7.01	14.54	16.41
Net of Sales Charge - A (acc) USD	-4.34	5.29	7.23	-7.46	8.88	5.92	13.95	15.84
MSCI All Country Asia Ex-Japan Small Cap Index USD	-0.23	4.15	8.29	-11.67	5.21	2.07	8.74	9.38

**Cumulative Performance (%)**

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (14/10/2008)
A (acc) USD	0.69	10.84	12.88	-2.59	35.85	40.31	288.49	396.10
Net of Sales Charge - A (acc) USD	-4.34	5.29	7.23	-7.46	29.06	33.29	269.06	371.29
MSCI All Country Asia Ex-Japan Small Cap Index USD	-0.23	4.15	8.29	-11.67	16.44	10.79	131.20	157.35

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

	Stocks	Sectors	Countries
Helped	Huaxin Cement Co., Ltd. Class B	Materials (Stock Selection)	China (Stock Selection)
	Baozun Inc Sponsored ADR Class A	Consumer Discretionary (Stock Selection)	Hong Kong (Stock Selection)
	Xinyi Solar Holdings Ltd.	Information Technology (Stock Selection)	South Korea (Stock Selection)
Hurt	Bajaj Holdings & Investment Limited.	Consumer Staples (Stock Selection)	India (Stock Selection)
	Eveready Industries India Ltd	Financials (Overweight)	Malaysia (Stock Selection, Underweight)
	Xtep International Holdings Limited	Industrials (Stock Selection)	—

- China-based Huaxin Cement rallied; the cement producer achieved a sharp increase in its quarterly earnings on the back of higher sales volumes and prices. We expect cement prices in China to remain well-supported in the near term amidst steady infrastructure demand and ongoing supply-side reforms.
- Also in China, e-commerce solutions provider Baozun extended its gain from March, when it had projected steep sales growth and new brand partnerships for 2019. We continue to see strong growth potential for e-commerce in China, and we believe Baozun has the technological capabilities to benefit.

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

- However, India-based Bajaj Holdings & Investment declined. It has a range of investments in the financial services and auto industries and was held back by a weak outlook for domestic auto sales. Nonetheless, we continue to favour Bajaj for the exposure it offers to India’s fast-growing financial services market at a valuation that we consider to be attractive.

**Outlook & Strategy**

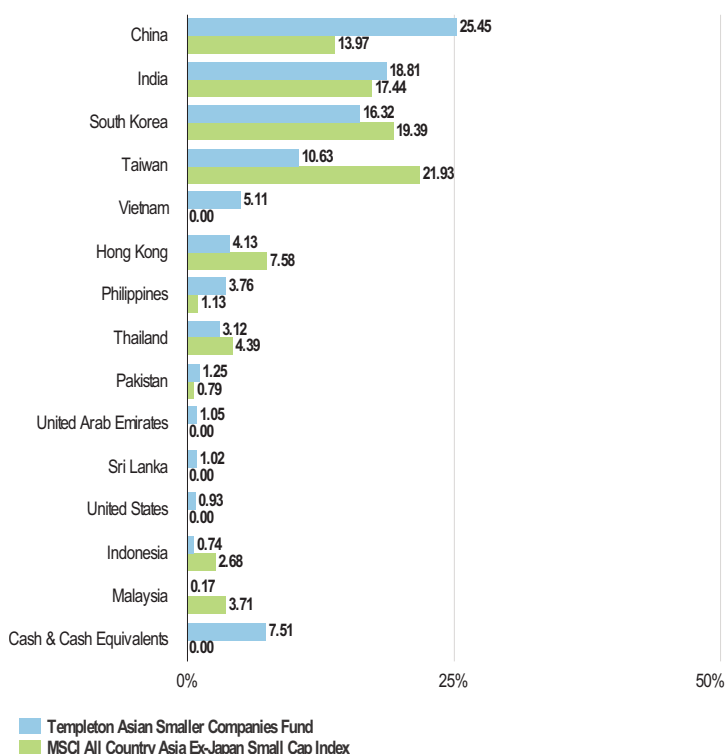
- We believe that fundamentals for emerging markets, including Asia, remain positive. We continue to see an overall reversal in the negative market sentiment from 2018, as well as economic stabilisation in several markets. The US Federal Reserve has adopted a more dovish tone on monetary policy. In terms of US-China trade relations, although signs had pointed to an agreement, the possibility that a trade deal is not reached remains a major tail risk.
- Our investment strategy is positioned to capture key growth opportunities in the Asian small-cap universe. We believe that small caps, many of which have a greater domestic focus compared with their large-cap peers, offer compelling exposure to local economic drivers.
- Consumption, health care and technology are prominent themes within the fund. Major holdings include companies that stand to benefit from several structural trends, such as rising demand for higher-quality goods and services (or consumption “premiumisation”), increasing health care needs and growing e-commerce.
- We believe the current market environment provides an attractive entry point for investors. While Asia ex Japan equities fared well in the year to April, small caps lagged their large-cap counterparts. As an active manager, we continue to seek companies that we believe can succeed over the long term, while we strive to reduce downside risk and thus enhance risk-adjusted returns.

**Portfolio Characteristics<sup>5</sup>**

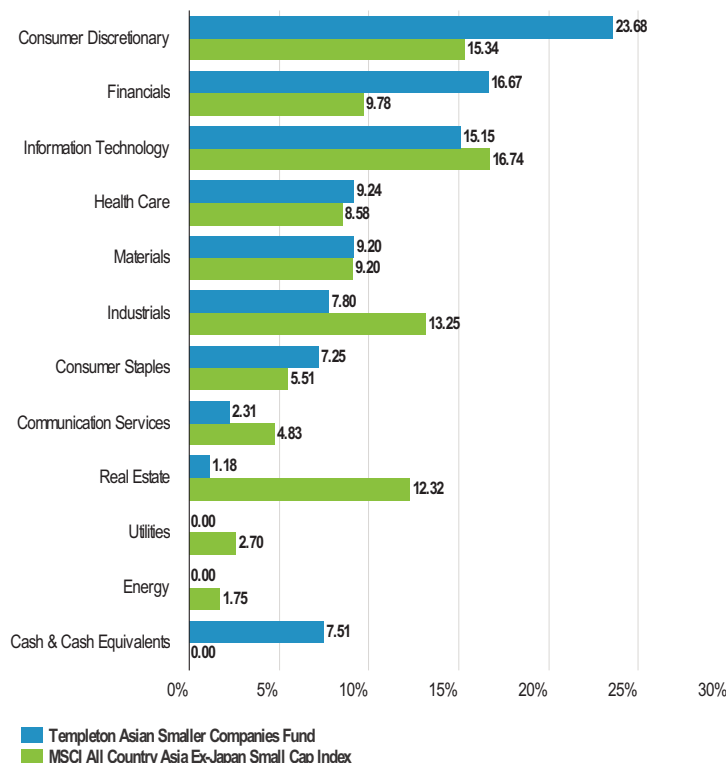
	Portfolio	MSCI All Country Asia Ex-Japan Small Cap Index
Price to Earnings (12-Month Trailing)	13.83x	13.40x
Price to Book	1.89x	1.34x
Price to Cash Flow	11.00x	8.97x
Market Capitalisation (Millions in USD)	2,780	678
Dividend Yield	2.18%	2.61%

**Portfolio Diversification**

**Geographic Weightings vs. MSCI All Country Asia Ex-Japan Small Cap Index<sup>2</sup>**  
Percent of Total



**Sector Weightings vs. MSCI All Country Asia Ex-Japan Small Cap Index<sup>2</sup>**  
Percent of Total



**Top Ten Holdings<sup>6</sup>**

Percent of Total

<b>Top Holdings</b>	<b>Sector</b>	<b>Country</b>	<b>%</b>
FILA KOREA LTD	Consumer Durables & Apparel	South Korea	5.60
BAJAJ HOLDINGS & INVESTMENT LTD	Diversified Financials	India	5.22
BAOZUN INC	Retailing	China	3.40
HEALTH & HAPPINESS H&H INTERNATIONAL HOLDINGS LTD	Food, Beverage & Tobacco	China	2.79
XINYI SOLAR HOLDINGS LTD	Semiconductors & Semiconductor Equipment	China	2.40
INTERNATIONAL CONTAINER TERMINAL SERVICES INC	Transportation	Philippines	2.19
LUK FOOK HOLDINGS INTERNATIONAL LTD	Retailing	Hong Kong	2.17
MEDY-TOX INC	Pharmaceuticals, Biotechnology & Life Sciences	South Korea	2.14
HUAXIN CEMENT CO LTD	Materials	China	2.12
TRAVELSKY TECHNOLOGY LTD	Software & Services	China	2.11

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

	<b>3 Yrs</b>	<b>5 Yrs</b>	<b>10 Yrs</b>	<b>Since Inception</b>
<b>Standard Deviation (%)</b>				
Templeton Asian Smaller Companies Fund	11.75	12.54	16.59	18.01
MSCI All Country Asia Ex-Japan Small Cap Index	12.45	14.22	19.09	20.92
<b>Tracking Error (%)</b>	5.44	6.30	7.33	7.65
<b>Information Ratio<sup>8</sup></b>	1.02	0.78	0.79	0.72
<b>Beta</b>	0.85	0.79	0.80	0.80
<b>Sharpe Ratio</b>				
Templeton Asian Smaller Companies Fund	0.81	0.50	0.85	0.94
MSCI All Country Asia Ex-Japan Small Cap Index	0.32	0.09	0.44	0.54

**Investment Team**

<b>Portfolio Manager</b>	<b>Years with Firm</b>	<b>Years Experience</b>
Chetan Sehgal, CFA, Senior Management Director, Director of Portfolio Management, Emerging Markets Equities	24	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 equity securities of smaller companies located in or doing significant business in Asia. 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 considerably over time. Other significant risks include: currency risk, emerging markets risk, liquidity risk, derivatives 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.

7. Beta, Information Ratio and Tracking Error information are measured against the MSCI All Country Asia Ex-Japan Small Cap Index.

**Important Legal Information**

Templeton Asian Smaller Companies Fund is a sub-fund of the Luxembourg-domiciled Franklin Templeton Investment Funds (FTIF).

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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. 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.
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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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