

Product Details

Fund Assets	€930,356,371.54
Fund Inception Date	03/04/2000
Number of Issuers	51
Bloomberg	TEMFME LX
ISIN	LU0140363002
Base Currency	EUR
Investment Style	Value
Benchmark	MSCI Europe (Net Returns) Index
Morningstar Category™	Europe Large-Cap Value Equity

Asset Allocation¹

Percent of Total	%
Equity	94.29
Cash & Cash Equivalents	5.71

Overall Morningstar Rating™²

Fund Description

Under normal market conditions, the fund seeks long-term capital appreciation by investing primarily in the equity securities of companies incorporated or having their principal activities in European countries that the investment manager believes are available at prices less than their intrinsic value. The fund may also invest up to 10% of its net assets in non-European securities.

Performance Data³
Performance Net of Management Fees as at 30/04/2019 (Dividends Reinvested) (%)⁴

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (31/12/2001)
A (acc) EUR	4.74	7.80	14.07	-3.48	3.40	1.54	7.13	4.66
Net of Sales Charge - A (acc) EUR	-0.49	2.41	8.37	-8.30	1.65	0.50	6.58	4.35
MSCI Europe (Net Returns) Index EUR	3.77	10.28	17.10	4.61	7.73	5.66	9.74	4.14

Cumulative Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (31/12/2001)
A (acc) EUR	4.74	7.80	14.07	-3.48	10.55	7.94	99.04	120.34
Net of Sales Charge - A (acc) EUR	-0.49	2.41	8.37	-8.30	5.02	2.54	89.09	109.32
MSCI Europe (Net Returns) Index EUR	3.77	10.28	17.10	4.61	25.02	31.66	153.22	102.12

Portfolio Manager Insight
Performance Review
ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
Helped	Rexel SA	Financials	United Kingdom
	Standard Chartered PLC	Industrials	France
	BE Semiconductor Industries N.V.	Consumer Discretionary	Germany
Hurt	British American Tobacco p.l.c.	Consumer Staples	—
	Dufry AG	Health Care	—
	Novartis AG	—	—

- France-based electrical supplies distributor Rexel rose on strong earnings, particularly as its US business performed well in the first quarter. The company saw more mixed results in European markets, including Germany and the United Kingdom, but reaffirmed its full-year guidance.
- Banking group Standard Chartered had a good month, as it reported solid earnings and announced a sizable share repurchase program. The bank's results were ahead of Street expectations as expenses declined and impairments fell in the first quarter.
- On the downside, British American Tobacco (BAT) shares were weak amidst ongoing concerns about stricter US regulations. The US has considered a ban on menthol cigarettes, which BAT sells under its Newport Brand. However, the company should see faster longer-term growth through new products like heated tobacco devices and e-cigarettes.

Outlook & Strategy

- Economic and political uncertainty in Europe remain elevated and expectations for the region are muted, given prolonged Brexit uncertainty, the upcoming parliamentary elections and the spill-over effect from trade tensions.

3. Franklin Mutual European Fund was launched as a sub-fund of Franklin Templeton Investment Funds, a Luxembourg-registered SICAV, on 03/04/2000. The A (acc) share class in euros for this sub-fund was launched on 31/12/2001.

- We do see some glimmers of hope for conditions to improve. Exports, an important driver of growth in the region, should improve as some one-off effects annualise. In 2019, we also see an absence of headwinds from one-off events that constrained growth in 2018. With low levels of leverage in the broad economy, capacity utilisation at high levels and rising wages driving consumer confidence against the backdrop of low investor expectations for the region, we are positive on the outlook for European equities in 2019.
- From a sector perspective, our portfolio is currently overweight companies in financial services, with a greater focus on insurance companies compared to banks. The portfolio is underweight health care and consumer staples, as we have not found attractive opportunities in those areas yet despite the market selloff in late 2018.
- The value style has been out of favour for the past decade, but we remain committed to our approach. Over the long term, we believe that a bottom-up stock picking process based on fundamental analysis will reward investors, while market dislocations offer opportunities to acquire companies in attractive end-markets trading at valuation levels that offer downside protection.
- Over the past year, we have seen an increase in activism in European companies, which we view as encouraging. We believe our approach to actively engaging with management teams and our long-term approach to investing with a disciplined focus on valuation will serve our shareholders well over the long term.

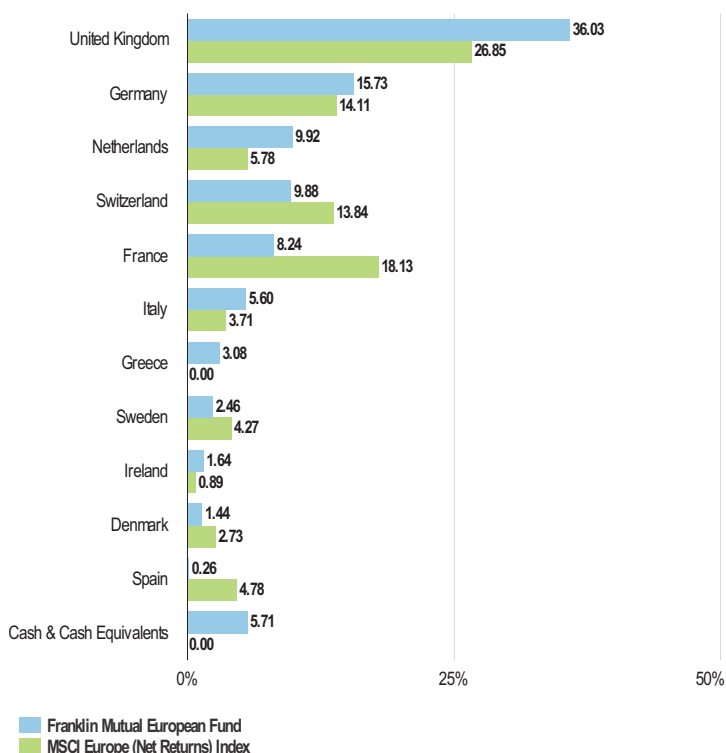
Portfolio Characteristics^{5,6}

	Portfolio	MSCI Europe (Net Returns) Index
Price to Earnings (12-Month Trailing)	15.28x	15.70x
Price to Book	1.17x	1.81x
Price to Cash Flow	5.63x	9.46x
Market Capitalisation (Millions in EUR)	38,394	60,789
Dividend Yield	4.13%	3.64%

Portfolio Diversification

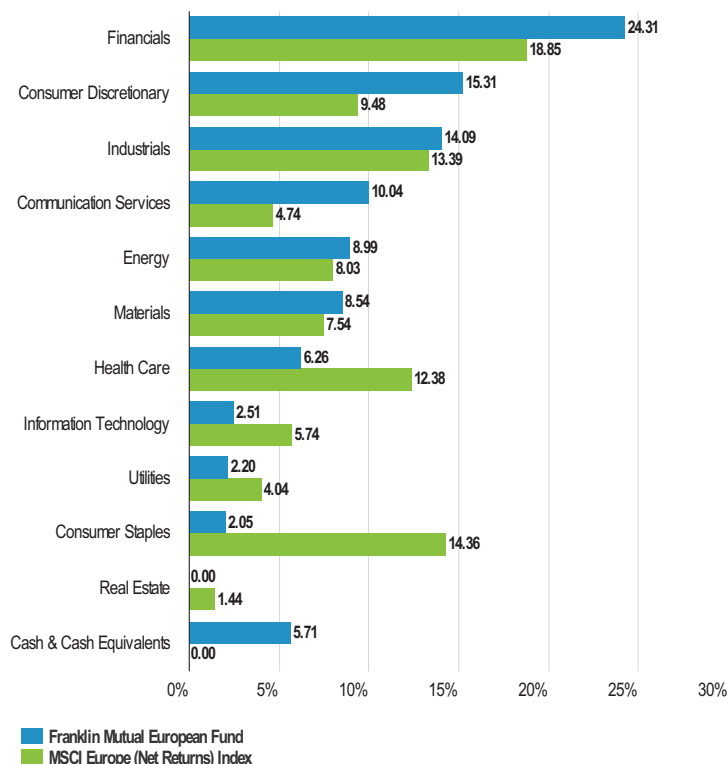
Geographic Weightings vs. MSCI Europe (Net Returns) Index¹

Percent of Total



Sector Weightings vs. MSCI Europe (Net Returns) Index¹

Percent of Total



Top Ten Holdings⁷

Percent of Total

Top Holdings	Sector	%
LAFARGEHOLCIM LTD	Materials	3.85
GLAXOSMITHKLINE PLC	Pharmaceuticals, Biotechnology & Life Sciences	3.48
REXEL SA	Capital Goods	3.14
HELLENIC TELECOMMUNICATIONS ORGANIZATION SA	Telecommunication Services	3.08
ROYAL DUTCH SHELL PLC	Energy	2.88
VOLKSWAGEN AG	Automobiles & Components	2.79
NOVARTIS AG	Pharmaceuticals, Biotechnology & Life Sciences	2.79
STANDARD CHARTERED PLC	Banks	2.74
DIRECT LINE INSURANCE GROUP PLC	Insurance	2.70
RSA INSURANCE GROUP PLC	Insurance	2.58

Supplemental Performance Statistics**Supplemental Risk Statistics⁸**

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Franklin Mutual European Fund	11.24	12.76	12.20	12.36
MSCI Europe (Net Returns) Index	10.06	11.97	12.24	14.67
Tracking Error (%)	4.21	4.08	3.84	5.98
Information Ratio⁹	-1.02	-1.01	-0.67	0.09
Beta	1.01	0.98	0.93	0.77
Sharpe Ratio				
Franklin Mutual European Fund	0.36	0.16	0.59	0.29
MSCI Europe (Net Returns) Index	0.84	0.52	0.80	0.21

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Katrina Dudley, CFA, Portfolio Manager/Research Analyst	16	21
Mandana Hormozi, Portfolio Manager/Research Analyst	15	28
	Number of Members	Average Years Experience
Franklin Mutual Series	22	16

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 and equity-related securities of companies located in or doing significant business in European countries. Such securities have historically been subject to significant price movements that may occur suddenly due to market or company-specific factors. As a result, the performance of the Fund can fluctuate considerably over time. Other significant risks include: currency risk, derivatives risk, liquidity 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 Europe (Net Returns) Index.

Important Legal Information

Franklin Mutual European Fund is a sub-fund of the Luxembourg-domiciled Franklin Templeton Investment Funds (FTIF).

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The Fund may utilise financial derivative instruments for investment purposes.

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

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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. 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.
7. 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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