

Fund Manager Report

Product Details¹

Fund Assets	€139,687,409.61
Fund Inception Date	29/12/2000
Number of Issuers	32
Bloomberg	FRAEGFA LX
ISIN	LU0122612848
Base Currency	EUR
Investment Style	Blend
Benchmark	MSCI Europe Index-NR
Morningstar Category™	Europe Flex-Cap Equity

Asset Allocation²

Percent of Total	%
Equity	89.35
Cash & Cash Equivalents	10.65
Fixed Income	0.00

Fund Description

The Fund aims to achieve long-term capital appreciation by investing principally in equity and/or equity-related securities of companies of any market capitalisation in European countries.

Performance Data³

Performance Net of Management Fees as at 30/11/2020 (Dividends Reinvested) (%)⁴

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (29/12/2000)
A (acc) EUR	12.53	6.26	-22.60	-21.09	-8.92	-4.25	2.90	1.16
Net of Sales Charge - A (acc) EUR	6.91	0.94	-26.47	-25.04	-10.47	-5.23	2.37	0.90
MSCI Europe Index-NR EUR	13.95	6.71	-5.56	-3.61	2.38	2.66	6.58	2.86

Cumulative Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (29/12/2000)
A (acc) EUR	12.53	6.26	-22.60	-21.09	-24.45	-19.51	33.04	25.72
Net of Sales Charge - A (acc) EUR	6.91	0.94	-26.47	-25.04	-28.23	-23.54	26.39	19.44
MSCI Europe Index-NR EUR	13.95	6.71	-5.56	-3.61	7.31	14.04	89.13	75.28

Portfolio Manager Insight

Performance Review

ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Technogym S.p.A	Industrials (Stock Selection)	Switzerland (Stock Selection, Underweight)
	WH Smith PLC	Information Technology (Stock Selection)	Denmark (Lack of Exposure)
	Dassault Aviation SA	Communication Services (Stock Selection)	Italy (Stock Selection)
HURT	Ebro Foods SA	Financials (Stock Selection, Underweight)	France (Underweight)
	GVC Holdings PLC	Energy (Stock Selection)	Belgium (Stock Selection)
	E.ON SE	Real Estate (Stock Selection)	Spain (Stock Selection)

- Spain-based rice and pasta maker Ebro Foods hampered relative returns, as more defensive stocks underperformed during the month following optimism that a vaccine was close at hand. Nonetheless, we believe that the company's recent disposal of most of its North American pasta business and an extraordinary dividend are positives. The company has also continued to post strong financial numbers during the pandemic, but the stock price has not reflected the robust performance, in our view.
- UK-based gaming stock GVC Holdings was a detractor. The company's long-term business outlook remains strong, in our view, as the company has a chance to build its presence in the nascent US online gambling market over time, given its strong technology and market position. We also see attractive opportunities for GVC in other markets outside the United States.
- On the upside, Italy-based fitness equipment company Technogym boosted relative performance, on optimism that a vaccine will lead to an increase in demand for fitness equipment, as vaccination rates rise and social distancing measures are eased around the world. The company has struggled during the pandemic due to fitness club closures and occupancy limits, which have put pressure on demand for new equipment in the near term.

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

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

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

Outlook & Strategy

- November was a banner month for gauges of global stocks. Risk assets responded favourably to positive vaccine progress and political developments during the month. The market had long since retraced most of March’s COVID-19 plunge, so instead of pulling stocks out of a trough the vaccine news propelled several major indices to new all-time highs.
- Yet even if the vaccine could immediately bring us back to pre-crisis conditions (which it cannot), stocks were not exactly cheap in January 2020 and global growth was not thriving. In many regards, current conditions seem an unlikely backdrop for all-time highs.
- Instead, we attribute the market’s ebullience to many investors’ faith in stimulus and their readiness to pull forward future gains to the maximum extent possible to compensate for present hardship. However, this tendency to extrapolate any positive trend into infinity should not be mistaken for price discovery. It is simply momentum; by our analysis, liquidity is abundant (a sizeable percentage of all US dollars in circulation were newly printed this year), volatility is depressed, and investors appear bullish. What has changed is the composition of the rally.
- The value factor’s rebound versus momentum has tracked closely to newly established themes around “stay-at-home” pandemic beneficiaries and “away-from-home” reopening plays. In our view, this is the market’s dominant narrative, and a more appropriate framework with which to understand the November rally than “value versus growth.”

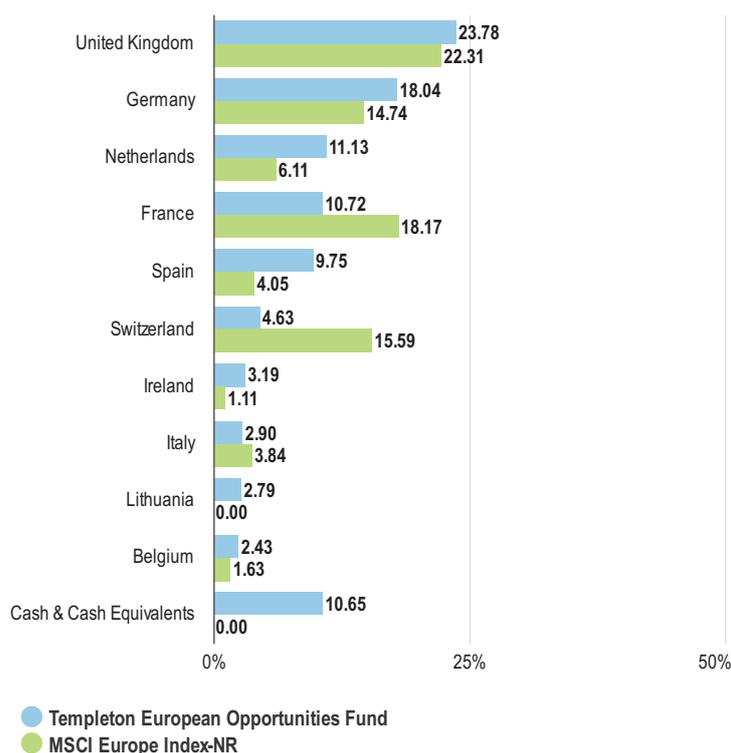
Portfolio Characteristics⁵

	Portfolio	MSCI Europe Index-NR
Market Capitalisation (Millions in EUR)	15,197	56,959
Price to Earnings Growth Ratio	1.37x	2.16x
3-Year Sales Growth	8.65%	6.92%
Estimated 3-5 Yr EPS Growth	11.36%	9.82%
Price to Earnings (12 Month Forward)	16.93x	19.80x

Portfolio Diversification

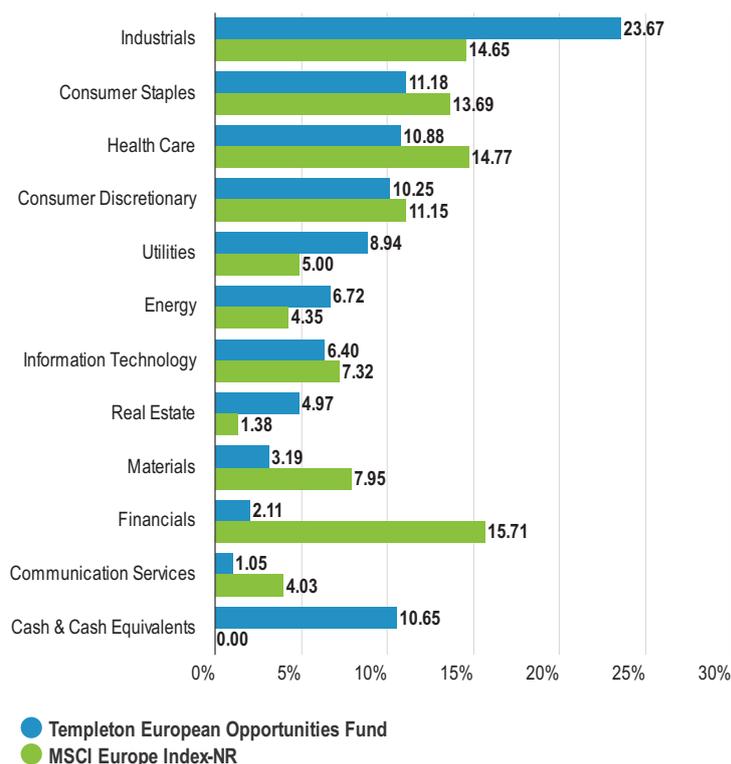
Geographic Weightings vs. MSCI Europe Index-NR⁶

Percent of Total



Sector Weightings vs. MSCI Europe Index-NR⁶

Percent of Total



Top Ten Holdings⁷

Percent of Total

Top Holdings	Sector	Country	%
DASSAULT AVIATION SA	Capital Goods	France	6.75
SBM OFFSHORE NV	Energy	Netherlands	6.72
COATS GROUP PLC	Consumer Durables & Apparel	United Kingdom	6.26
IMPERIAL BRANDS PLC	Food, Beverage & Tobacco	United Kingdom	5.96
APPLUS SERVICES SA	Commercial & Professional Services	Spain	4.35
INFINEON TECHNOLOGIES AG	Semiconductors & Semiconductor Equipment	Germany	4.23
FRESENIUS MEDICAL CARE AG & CO KGAA	Health Care Equipment & Services	Germany	3.28
SMURFIT KAPPA GROUP PLC	Materials	Ireland	3.19
E.ON SE	Utilities	Germany	3.08
RED ELECTRICA CORP SA	Utilities	Spain	3.07

Supplemental Performance Statistics**Supplemental Risk Statistics⁸**

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Templeton European Opportunities Fund	20.42	17.31	14.89	16.12
MSCI Europe Index-NR	16.62	14.36	13.62	15.39
Tracking Error (%)	7.06	6.27	6.50	6.58
Information Ratio⁹	-1.61	-1.11	-0.57	-0.25
Beta	1.13	1.11	0.96	0.95
Sharpe Ratio				
Templeton European Opportunities Fund	-0.41	-0.21	0.21	0.00
MSCI Europe Index-NR	0.18	0.23	0.50	0.11

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Dylan Ball	13	20
John Reynolds	0	13

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 of any market capitalisation 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: foreign currency 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 Index-NR.

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).

Important Legal Information

Effective 31 July 2020, Franklin European Growth Fund was renamed Templeton European Opportunities Fund.

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

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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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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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4. 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.

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 IBES 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. All holdings are subject to change.

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

7. 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.

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