

Fund Manager Report

Product Details¹

Fund Assets	\$593,187,402.61
Fund Inception Date	25/10/2005
Number of Issuers	50
Bloomberg	TEMBRAC LX
ISIN	LU0229945570
Base Currency	USD
Investment Style	Blend
Benchmark	MSCI BRIC Index
Morningstar Category™	BRIC Equity

Asset Allocation²

Percent of Total	%
Equity	97.12
Cash & Cash Equivalents	2.88
Fixed Income	0.00

Overall Morningstar Rating™³



Fund Description

The Fund aims to achieve long-term capital appreciation by investing primarily in equity securities of companies organised under the laws of or having their principal office in Brazil, Russia, India and China (including Hong Kong and Taiwan) (BRIC), as well as in companies that derive the principal portion of their revenues or profits from BRIC economies, or have the principal portion of their assets there.

Performance Data

Performance Net of Management Fees as at 31/07/2020 (Dividends Reinvested) (%)⁴

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (25/10/2005)
A (acc) USD	11.48	22.21	-1.63	11.19	7.04	9.93	1.83	5.01
Net of Sales Charge - A (acc) USD	5.91	16.10	-6.54	5.63	5.23	8.81	1.31	4.65
MSCI BRIC Index USD	9.70	18.95	1.49	10.57	6.60	8.59	3.42	7.89

Cumulative Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (25/10/2005)
A (acc) USD	11.48	22.21	-1.63	11.19	22.65	60.54	19.87	105.83
Net of Sales Charge - A (acc) USD	5.91	16.10	-6.54	5.63	16.52	52.51	13.88	95.54
MSCI BRIC Index USD	9.70	18.95	1.49	10.57	21.15	51.01	39.92	206.68

Portfolio Manager Insight

Performance Review

ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Taiwan Semiconductor Manufacturing Co., Ltd.	Information Technology (Overweight)	Taiwan (Off-benchmark Exposure)
	Chinasoft International Ltd.	Communication Services (Stock Selection)	China (Stock Selection)
	Brilliance China Automotive Holdings Limited	Financials (Stock Selection)	Brazil (Overweight)
HURT	Oil company LUKOIL PJSC Sponsored ADR	Energy (Stock Selection)	Russia (Overweight)
	Naspers Limited Class N	Consumer Discretionary (Stock Selection, Underweight)	South Africa (Off-benchmark Exposure)
	CNOOC Limited	Consumer Staples (Stock Selection)	India (Stock Selection)

- Taiwan Semiconductor Manufacturing Company (TSMC) soared. The chip maker posted better-than-expected quarterly results and lifted its full-year revenue guidance amidst strong demand for its cutting-edge chips. Investors turned even more upbeat on TSMC following production setbacks for its competitor. We are positive on TSMC's technology leadership, and we expect it to benefit from a diverse range of demand drivers, including smartphones, high-performance computing, and the Internet of Things.
- Also finishing higher was Brilliance China Automotive, which produces luxury cars in partnership with Germany's BMW (not a portfolio holding). Auto sales in China continued to recover in June, with the luxury segment outperforming the broader industry. We expect this trend to persist, which could benefit Brilliance.
- In contrast, stock selection in India detracted. A lack of exposure to conglomerate Reliance Industries hindered returns, as its share price moved higher. In addition, a holding in ICICI Bank negatively impacted relative performance. The private-sector lender announced equity

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

fundraising plans to strengthen already-healthy capital levels amidst the pandemic. It also set aside additional provisions to buffer against potential bad debts. We believe ICICI's robust balance sheet, growing deposit franchise, and risk-conscious lending practices could help it withstand the crisis better than many peers, and we think it is well-positioned to gain market share in the longer run.

Outlook & Strategy

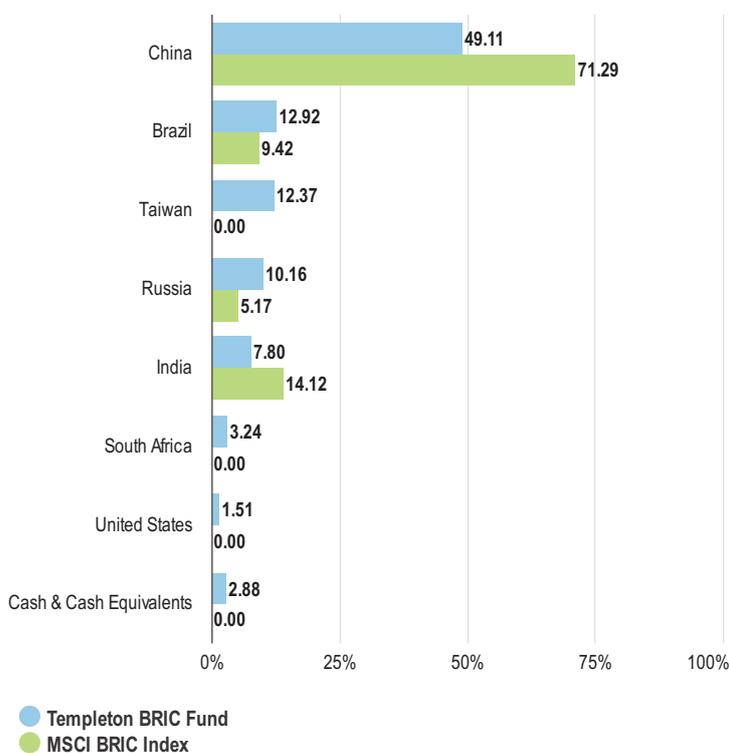
- Market sentiment has largely held out against the evolving trajectory of the pandemic. While some economies are struggling with new waves of COVID-19 transmission, others have seen containment and are gradually reopening. Consensus suggests that a potential vaccine is at least 12 to 18 months away and, in the interim, countries will need to start operating effectively again.
- In our view, the timing of economic recoveries across EMs is likely to depend on the health of each country going into the crisis, and the range of fiscal and monetary policy tools available. Governments have responded with various measures, including fiscal stimulus, interest-rate cuts and debt repayment holidays, and we continue to monitor the impact of these policies. China's economy has recovered, while India and Brazil could continue to see some pressure from the pandemic.
- In addition to the health crisis, the longstanding friction between China and the United States has returned to the fore. We think that the potential impact on supply chains could play out in the coming years. Even as we continually factor geopolitical risks into our investment decisions, of greater importance to us are company fundamentals. We seek quality companies with strong competitive advantages and exposures to areas of secular growth.
- We believe that the pandemic has accelerated certain structural trends, especially in technology and consumption, and these remain core themes in our portfolio. For instance, the development of technology infrastructure could gain pace with increased remote working and business digitalisation, and we are invested in semiconductor companies with the potential to benefit from higher chip demand.
- We also favour internet companies that have leapfrogged old business models with ecosystems enabling e-commerce, work collaboration, and a host of other online services. We believe that our continued focus on company quality and earnings sustainability positions the portfolio well in an environment of uncertainty.

Portfolio Characteristics^{5,6}

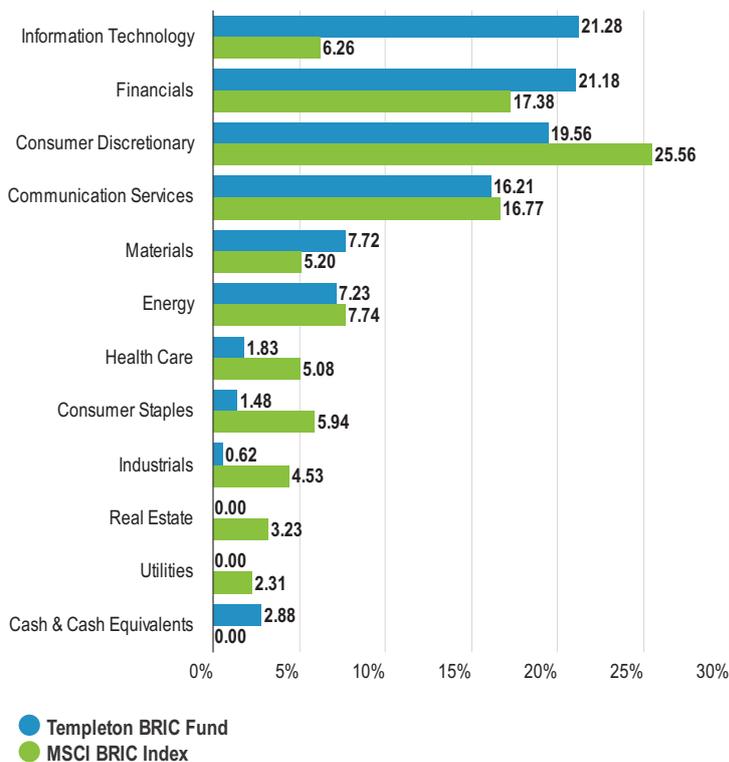
	Portfolio	MSCI BRIC Index
Price to Earnings (12-Month Trailing)	13.74x	17.30x
Price to Book	1.71x	1.99x
Price to Cash Flow	5.82x	12.89x
Market Capitalisation (Millions in USD)	213,231	93,487
Dividend Yield	2.96%	1.98%

Portfolio Diversification

Geographic Weightings vs. MSCI BRIC Index²
Percent of Total



Sector Weightings vs. MSCI BRIC Index²
Percent of Total



Top Ten Holdings⁷

Percent of Total

Top Holdings	Sector	Country	%
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	Semiconductors & Semiconductor Equipment	Taiwan	11.08
ALIBABA GROUP HOLDING LTD	Retailing	China	10.31
TENCENT HOLDINGS LTD	Media & Entertainment	China	9.78
LUKOIL PJSC	Energy	Russia	4.74
SBERBANK OF RUSSIA PJSC	Banks	Russia	4.00
NASPERS LTD	Retailing	South Africa	3.24
CHINA MERCHANTS BANK CO LTD	Banks	China	3.16
B3 SA - BRASIL BOLSA BALCAO	Diversified Financials	Brazil	3.03
BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LTD	Automobiles & Components	China	3.01
VALE SA	Materials	Brazil	2.98

Supplemental Performance Statistics**Supplemental Risk Statistics⁸**

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Templeton BRIC Fund	20.95	19.64	20.43	25.05
MSCI BRIC Index	19.08	19.05	20.07	24.86
Tracking Error (%)	4.59	4.13	4.61	4.63
Information Ratio⁹	0.10	0.32	-0.34	-0.63
Beta	1.07	1.01	0.99	0.99
Sharpe Ratio				
Templeton BRIC Fund	0.26	0.45	0.06	0.15
MSCI BRIC Index	0.26	0.39	0.14	0.27

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Chetan Sehgal, CFA	25	28
Templeton Emerging Markets Team	Number of Members	Average Years Experience
Portfolio Managers/Analysts	5	18

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 companies located in or doing significant business in the BRIC countries. Such 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 significantly over relatively short time periods. Other significant risks include: emerging markets risk, foreign currency risk, liquidity risk, Chinese market 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 BRIC Index.

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

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

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

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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 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. 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. **Past performance is not an indicator or a guarantee of future performance.**

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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