

Product Details¹

Fund Assets	\$7,766,557,788.94
Fund Inception Date	03/04/2000
Number of Issuers	81
Bloomberg	TEMTECI LX
ISIN	LU0109392836
Base Currency	USD
Investment Style	Sector
Benchmark	MSCI World Information Technology Index
Morningstar Category™	Sector Equity Technology

Asset Allocation²

Percent of Total	%
Equity	97.15
Cash & Cash Equivalents	2.85
Fixed Income	0.00

Overall Morningstar Rating™³

★★★★★

Effective 29 September 2017, Franklin Technology Fund changed its benchmark to the MSCI World Information Technology Index, following the discontinuation of the BofAML Technology 100 Index.

Fund Description

The fund aims to achieve capital appreciation by investing at least two-thirds of its assets in equity securities of companies expected to benefit from the development, advancement and use of technology.

Performance Data
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
A (acc) USD	11.28	7.27	55.41	59.26	29.38	26.04	18.48	6.58
Net of Sales Charge - A (acc) USD	5.71	1.91	47.64	51.30	27.19	24.77	17.88	6.32
A (acc) SGD-H1	11.21	7.15	53.92	57.64	-	-	-	30.44
Net of Sales Charge - A (acc) SGD-H1	5.65	1.79	46.23	49.76	-	-	-	27.98
MSCI World Information Technology Index USD	12.61	2.04	36.43	42.13	25.45	24.56	19.11	4.37
MSCI World Information Technology Index SGD	12.61	2.04	36.43	42.13	25.45	24.56	19.11	28.67

Cumulative Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
A (acc) USD	11.28	7.27	55.41	59.26	116.60	218.25	445.31	272.98
Net of Sales Charge - A (acc) USD	5.71	1.91	47.64	51.30	105.77	202.34	418.04	254.33
A (acc) SGD-H1	11.21	7.15	53.92	57.64	-	-	-	102.41
Net of Sales Charge - A (acc) SGD-H1	5.65	1.79	46.23	49.76	-	-	-	92.29
MSCI World Information Technology Index USD	12.61	2.04	36.43	42.13	97.48	199.94	474.69	142.04
MSCI World Information Technology Index SGD	12.61	2.04	36.43	42.13	97.48	199.94	474.69	95.18

The Inception Date for the A (acc) USD share class and A (acc) SGD-H1 share class is 03/04/2000 and 06/04/2018 respectively.

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.

Portfolio Manager Insight

Performance Review

ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Industries
HELPED	Microsoft (Significant Underweight)	Systems Software (Stock Selection, Underweight)
	Apple (Significant Underweight)	Movies and Entertainment (Off-Benchmark Exposure)
	Roku (Off-Benchmark Exposure)	Technology Hardware, Storage and Peripherals (Significant Underweight)
HURT	Alibaba Group Holding (Off-Benchmark Exposure)	Internet and Direct Marketing Retail (Off-Benchmark Exposure)
	Tencent Holdings (Off-Benchmark Exposure)	Interactive Media and Services (Off-Benchmark Exposure)
	Amazon.com (Off-Benchmark Exposure)	Data Processing and Outsourced Services (Underweight, Stock Selection)

- Aside from the relative performance benefits of strategically underweighting Microsoft (which appreciated only about half as much as the benchmark index) while avoiding several others that either sold off or lagged the index, our off-index position in software developer Cloudflare soared. Cloudflare, which provides cloud-based website performance and security services, released an exceptionally strong third-quarter financial report and raised its forward guidance for full-year 2020. Looking beyond what we deem to be a rich valuation (as at period-end), we remain highly positive on the company's unique business model, large user market share, and emerging security (Cloudflare for Teams) and network performance (Magic Transit) solutions. We also see solid potential in its nascent edge computing business (Cloudflare Workers), in what could turn out to be a very large market opportunity.
- Roku's equity value has jumped more than fourfold from its pandemic-induced lows in mid-March, and it continued to rally through November on solid demand for its streaming media players and television platform, which allows users to personalise their content selections and cable TV replacement offerings. On 5 November, Roku announced third-quarter results that topped consensus estimates across the board (including a 73% increase in sales since 3Q19), which prompted some prominent equity analysts to upgrade the stock as management's 2020 efforts appear to have improved the company's financial standing and competitive advantages.
- The fund would have topped the MSCI World Technology Index if not for an overall decline in the internet retail industry, where Amazon and Alibaba were our only holdings (Amazon's November gain lagged the overall index while Alibaba sold off). Our sizeable position in Chinese tech and e-commerce giant Alibaba, which did not surpass analysts' expectations with its 3Q20 results, shed equity value due to some major regulatory concerns: Chinese regulators suspended the IPO of its fintech affiliate Ant Group on 3 November, and also drafted new antitrust rules to prevent dominant companies like Alibaba from using monopolistic tactics.

Outlook & Strategy

- Coronavirus-driven imperatives around working from home, educating from home, e-commerce, remote health care, streaming media, contactless delivery and others have all become dramatically more important in 2020, and have accelerated many secular themes we see at the core of the IT and communication services sectors. Moreover, we believe that many of the secular changes brought about by the COVID-19 crisis are structural and here to stay. From a broader perspective, we are also encouraged by November's vaccine breakthroughs and the strengthening economic reboot that appears to be underway in many parts of the world.
- We remain focused on the big theme of Digital Transformation (DT), which is about using software and data to better understand customers and business processes and technology to radically transform how businesses work. We believe DT represents a multitrillion-dollar opportunity, one that we believe is still in its early days and will drive growth in the technology sector for the next 10 years.
- Our key DT sub-themes for the near future include: cloud computing; new commerce; fintech and digital payments; IoT ("edge devices" and the internet of things); artificial intelligence (AI); machine learning and analytics; IT security; digital/cloud collaboration and workflow; next-generation 5G network communications; software-as-a-service (SaaS); and digital advertising. We continue to seek the highest quality, most-sustainable growth companies trading at reasonable valuation levels while being levered to these DT opportunities.
- Equity valuations across the IT and communication services sectors remained generally elevated after November's rally, which is causing us to trim the portfolio's higher-valued positions and look for opportunities where investors appear less focused. We believe the increase in valuations is being driven by new investors coming into the sector for the structural growth, the relatively stable earnings profile versus other areas of the market, and high-quality businesses that can be found in these sectors especially in an era of record-low interest rates.
- While near-term demand, margin and free cash flow metrics are highly uncertain for nearly all companies, we believe that evidence is mounting that enterprises which invested substantially in their own digital transformations prior to the crisis are now reaping the rewards of those investments and pulling ahead of their peers. Specifically, we believe that DT leaders are proving that they can more quickly understand the state of their businesses, respond to their customers' needs, and plot a path forward in what is proving to be a highly dynamic environment.
- We believe that many investors understand the potential for an acceleration in DT initiatives by late movers that might be considered today's "digital laggards," yet who undoubtedly now understand the importance of DT because of the COVID-19 crisis. In times of crisis, people and businesses tend to adapt accordingly, and can embrace technology much more quickly. These conditions are accelerating the DT; for example, knowledge workers and consumers are apt to retain some of the new technology-led behaviours that became necessary in an age of global social distancing. We will be listening to what companies have learned from their operations under the pandemic, and how they might apply that to their businesses over the longer term.
- As we head into the final weeks of 2020, the key risks we are monitoring include the contentious US-China trade situation, as there seems to be no let-up in ongoing tensions. The situation became even more challenged in the latter half of 2020 as the Trump administration imposed new licensing restrictions, which is creating incremental challenges for key suppliers across the semiconductor and semiconductor capital equipment industries. Technology regulation is another area of concern; in particular, we are paying close attention to China's latest antitrust rules for domestic tech companies such as Alibaba, as well as US and European Union investigations into the business practices of key digital leaders including Alphabet (Google), Amazon, Facebook and Apple.

For use by brokers/dealers or intended institutional investor recipients only and cannot be disseminated further.

- Finally, we would also like to highlight that coming into the virus crisis the IT sector offered some of the highest-quality businesses and the best balance sheets across the broad S&P 500 Index. Specifically, the IT sector was the third most profitable sector in the S&P 500 over the past three years (through November 2020) and one of just three net cash-positive sectors, an elite group that also included the communication services sector.

Portfolio Characteristics⁵

	Portfolio	MSCI World Information Technology Index
Market Capitalisation (Millions in USD)	425,616	720,939
Price to Earnings Growth Ratio	2.49x	2.40x
3-Year Sales Growth	25.08%	15.35%
Estimated 3-5 Yr EPS Growth	18.51%	14.90%
Price to Earnings (12 Month Forward)	43.24x	29.52x

Portfolio Diversification

Top Ten Holdings⁶

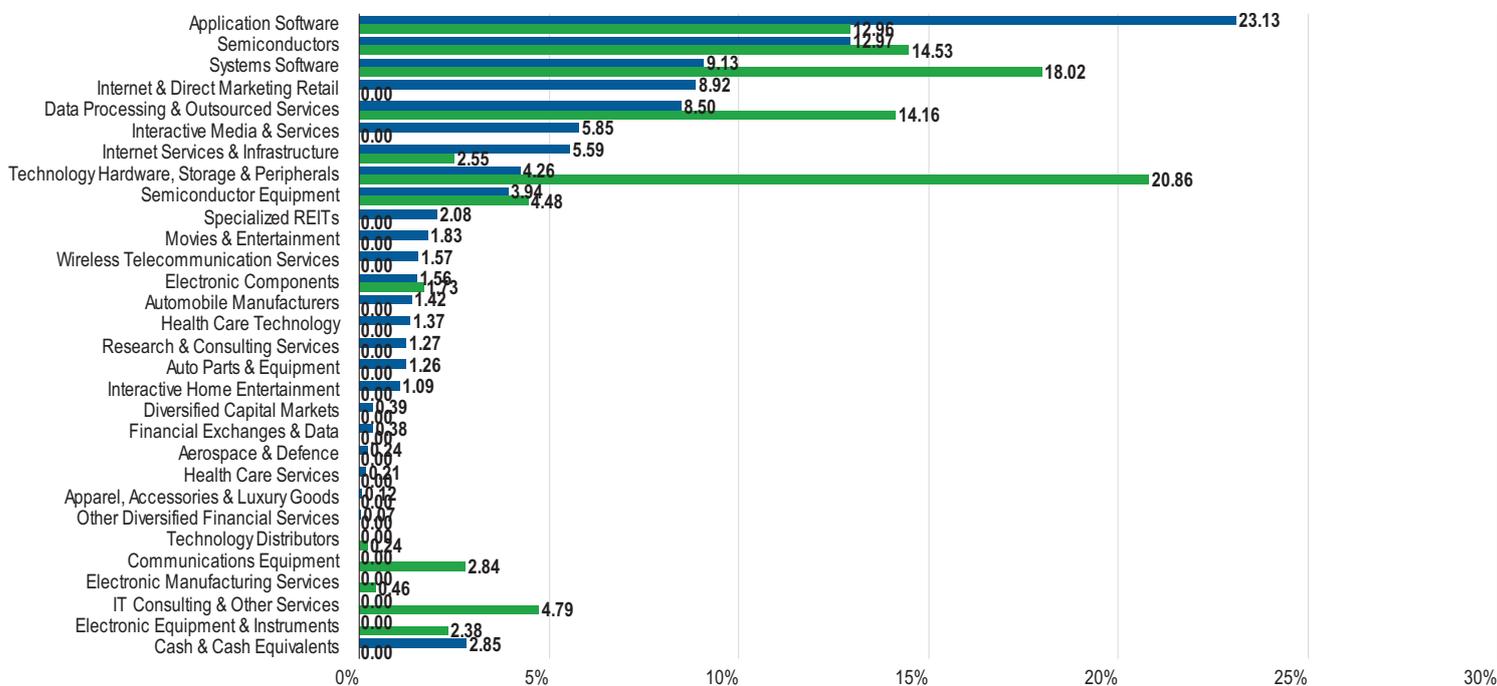
Percent of Total

Top Holdings

	%
AMAZON.COM INC	4.93
MICROSOFT CORP	4.47
APPLE INC	4.26
ALIBABA GROUP HOLDING LTD	3.99
NVIDIA CORP	2.65
PAYPAL HOLDINGS INC	2.62
SERVICENOW INC	2.62
MASTERCARD INC	2.53
WORKDAY INC	2.46
TENCENT HOLDINGS LTD	2.40

Sector Weightings vs. MSCI World Information Technology Index⁷

Percent of Total



● Franklin Technology Fund
 ● MSCI World Information Technology Index

For use by brokers/dealers or intended institutional investor recipients only and cannot be disseminated further.

Supplemental Performance Statistics

Supplemental Risk Statistics⁸

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Franklin Technology Fund	21.54	18.77	17.11	25.81
MSCI World Information Technology Index	21.05	18.22	16.11	23.22
Tracking Error (%)	6.69	5.99	6.17	8.49
Information Ratio⁹	0.59	0.25	-0.10	0.24
Beta	0.97	0.98	0.99	1.05
Sharpe Ratio				
Franklin Technology Fund	1.29	1.33	1.05	0.20
MSCI World Information Technology Index	1.14	1.29	1.15	0.14

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Jonathan T. Curtis	12	16
John Scandalios, CFA	24	30
James Cross, CFA	22	22

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 technology companies worldwide. 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 significantly over relatively short time periods. Other significant risks include: securities lending risk, equity 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 World Information Technology 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

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

This document is for information only and does not constitute investment advice or a recommendation and was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. Any research and analysis contained in this presentation has been procured by Franklin Templeton Investments for its own purposes and may be acted upon in that connection and, as such, is provided to you incidentally. Any views expressed are the views of the fund manager and do not constitute investment advice. The underlying assumptions and these views are subject to change. Franklin Templeton Investments accepts no liability whatsoever for any direct or indirect consequential loss arising from the use of any information, opinion or estimate herein. **The value of investments and the income from them can go down as well as up and you may not get back the full amount that you invested.**

Any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets is not necessarily indicative of the future or likely performance.

Past performance or any prediction or forecast is not necessarily indicative of future performance of the Fund. Subscriptions may only be made on the basis of the most recent Prospectus and Product Highlights Sheet which is available at Templeton Asset Management Ltd or our authorised distributors. Potential investor should read the details of the Prospectus and Product Highlights Sheet before deciding to subscribe for or purchase the Fund. This shall not be construed as the making of any offer or invitation to anyone in any jurisdiction in which such offer is not authorised or in which the person making such offer is not qualified to do so or to anyone to whom it is unlawful to make such an offer. In particular, this Fund is not available to U.S. Persons and Canadian residents.

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.

Copyright© 2020 Franklin Templeton. All rights reserved.

Issued by Templeton Asset Management Ltd. Registration No. (UEN) 199205211E

In addition, it should not be assumed that any securities mentioned were or will prove to be profitable. Stocks mentioned in this report are not a solicitation to purchase those stocks, and are examples of some stocks which performed well. Not all stocks in the portfolio performed as well. For the most current information on the fund, please contact your Franklin Templeton marketing representative.

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.

CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

The index data referenced herein is the property of Intercontinental Exchange ("ICE") and/or its licensors and has been licensed for use by Franklin Templeton. ICE and its licensors accept no liability in connection with this use. See www.franklintempletondatasources.com for a full copy of the Disclaimer.

Important data provider notices and terms available at www.franklintempletondatasources.com.

3. ©2020 Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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. 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.

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

www.franklintempleton.com.sg



For use by brokers/dealers or intended institutional investor recipients only and cannot be disseminated further.