

Product Details¹

Fund Assets	€129,677,498.87
Fund Inception Date	29/08/2003
Number of Securities Including Cash	65
Bloomberg	TGBEFAD LX
ISIN	LU0170474935
Base Currency	EUR
Investment Style	Unconstrained
Benchmark	JP Morgan Global Government Bond (Hedged into EUR) Index
Morningstar Category™	Global Flexible Bond - EUR Hedged

Asset Allocation²

Market Value—Percent of Total	%
Fixed Income	85.08
Cash & Cash Equivalents	14.92

Fund Description

The Fund aims to maximise total investment return consisting of a combination of interest income, capital appreciation and currency gains by investing principally in a portfolio of fixed or floating rate debt securities and debt obligations issued by government or government-related issuers worldwide. Under normal market conditions, the Fund aims to maintain a net exposure of at least 85% to the Euro.

Performance Data
Performance Net of Management Fees as at 31/05/2020 (Dividends Reinvested) (%)³

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (29/08/2003)
A (Ydis) EUR	0.26	-3.97	-6.07	-8.40	-4.68	-1.96	0.49	1.90
Net of Sales Charge - A (Ydis) EUR	-4.75	-8.77	-10.76	-12.98	-6.30	-2.97	-0.02	1.59
JP Morgan Global Government Bond (Hedged into EUR) Index EUR	-0.22	0.74	4.49	5.96	2.85	2.36	3.22	3.76

Cumulative Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (29/08/2003)
A (Ydis) EUR	0.26	-3.97	-6.07	-8.40	-13.40	-9.45	5.05	37.17
Net of Sales Charge - A (Ydis) EUR	-4.75	-8.77	-10.76	-12.98	-17.73	-13.98	-0.20	30.31
JP Morgan Global Government Bond (Hedged into EUR) Index EUR	-0.22	0.74	4.49	5.96	8.79	12.36	37.31	85.59

Portfolio Manager Insight
Performance Review
ONE-MONTH KEY PERFORMANCE DRIVERS

	Currencies	Duration	Credit
HELPED	—	Colombia	—
	—	Indonesia	—
	—	South Korea	—
HURT	Latin America	Ghana	—
	Asia ex Japan	—	—
	—	—	—

- Sovereign bond yields declined across much of Asia and the Americas but shifted in varying directions across Europe. Select duration exposures in Latin America (Colombia) and Asia ex Japan (Indonesia and South Korea) contributed to absolute fund performance, while select duration exposures in Africa (Ghana) detracted. We held select duration exposures in countries with relatively higher yields and that have varying degrees of economic resilience to external shocks, in our assessment.
- The US dollar broadly weakened against a number of developed and emerging market currencies in May, with some notable exceptions. Currency positions in Latin America and Asia ex Japan detracted from absolute fund results.

1. All holdings are subject to change.

Outlook & Strategy

- We think it is still too early to pursue additional risk as the world is still in the first phase of the economic repercussions. The recent rallies across risk assets reflect an underappreciation of the risks for a second wave of infections and a second leg down in financial markets, in our view. We're currently focusing on specific perceived safe-haven investments, while emphasising a select set of higher-yielding emerging markets that have relatively resilient domestic economies. We're aiming to derive alpha from different sources than the low-to-negative yielding developed fixed income markets, which have limited upside potential left as yields grind to historic lows.
- Our aim is to position our strategies to be uncorrelated to vulnerable asset classes while delivering high income and defending capital. We are also emphasising elevated levels of cash and short-term US Treasuries to be able to quickly pursue opportunities as they arise. We employed a similar playbook during the 2008 global financial crisis (GFC), as we built a defensive stance heading into the peak of the crisis and then shifted to an opportunistic pursuit of price distortions in the early phases of the eventual recovery.
- Some areas of the markets appear to be expecting a V-shaped recovery, as we had after the GFC—that's possible, but not probable in our view. We are expecting a more gradual recovery, with the potential for multiple stages of relief rallies and corrections before a sustainable recovery takes hold. There are still unknowns over how long the pandemic will last and whether there will be relapses after economies reopen.
- It also remains unclear how governments will pay for the massive relief programmes underway, as existing fiscal deficits deepen throughout the world. Unorthodox policies such as modern monetary theory and debt monetisation are likely to see greater political interest. There is a strong likelihood of significant structural changes to the global economy and everyday life around the world. All of these concerns will shape financial markets in the post-COVID-19 era.
- Adding to the complexity of the current crisis is the precarious state of the world that existed before the COVID-19 pandemic. Escalating geopolitical risks, trade tensions, political polarisations, unrestrained deficit spending in the developed world, perpetually low rates in the major economies and over-levered credit sectors created an environment that was highly vulnerable to an economic or a financial market shock. We had been concerned about those risks for several quarters and accordingly repositioned our strategies in 2019 by adding perceived safe-haven investments and adjusting the risk sizing of various emerging market exposures. While we were not explicitly anticipating the COVID-19 crisis or the recent collapse in oil prices, we were concerned that these types of unknown triggers could push a fragile system over the brink.
- We currently remain cautious on the broad outlook for emerging markets as a whole, but we see risk-adjusted value in specific countries. It remains crucial to be selective. Countries that were in stronger fundamental shape before the crisis generally have better prospects to endure the substantial economic headwinds. Domestically oriented economies have comparatively better prospects than externally dependent economies, given the collapse in global aggregate demand. The opportunities in emerging markets remain highly idiosyncratic, as some countries have inherent resiliencies while others are highly vulnerable to external and internal shocks. We continue to monitor conditions and expect that the impacts of the COVID-19 pandemic could persist for several months, potentially pushing out the timeline for when certain investment opportunities may become suitable.

Portfolio Characteristics^{4,5,6}

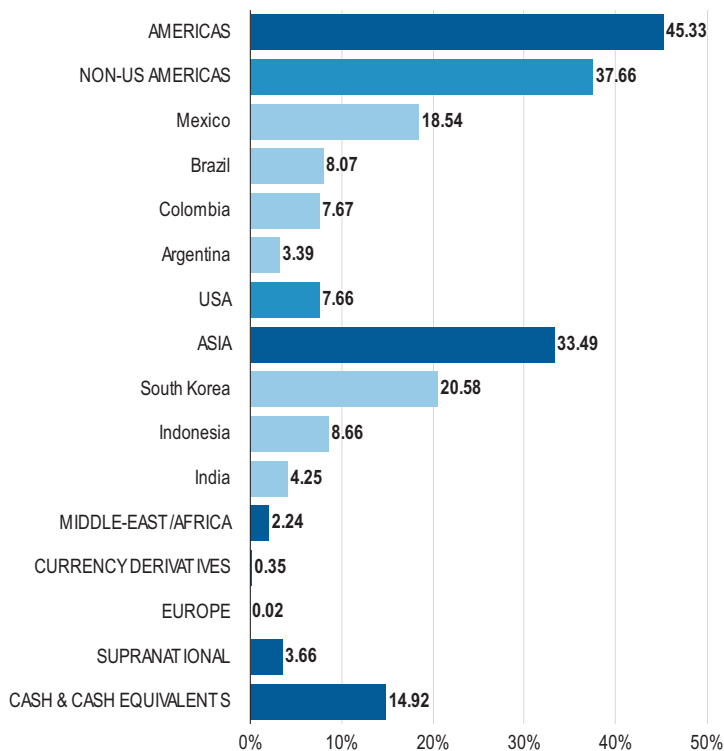
	Portfolio	JP Morgan Global Government Bond (Hedged into EUR) Index
Yield to Maturity	1.29%	0.34%
Yield to Worst	1.29%	0.35%
Average Duration	2.08 Yrs	8.77 Yrs
Average Credit Quality ⁷	A	AA
Average Weighted Maturity	2.60 Yrs	10.53 Yrs

7. The average credit quality (ACQ) rating may change over time. The portfolio itself has not been rated by an independent rating agency. The letter rating, which may be based on bond ratings from different agencies (or internal ratings for unrated bonds, cash and equivalents), is provided to indicate the average credit rating of the portfolio's underlying investments and generally ranges from AAA (highest) to D (lowest). For unrated bonds, cash and equivalents, ratings may be assigned based on the ratings of the issuer, the ratings of the underlying holdings of a pooled investment vehicle, or other relevant factors. The ACQ is determined by assigning a sequential integer to all credit ratings AAA to D, taking a simple, asset-weighted average of investments by market value and rounding to the nearest rating. The risk of default increases as a bond's rating decreases, so the ACQ provided is not a statistical measurement of the portfolio's default risk because a simple, weighted average does not measure the increasing level of risk from lower-rated bonds. The ACQ may be lower if cash and equivalents are excluded from the calculation. The ACQ is provided for informational purposes only. Derivative positions are not reflected in the ACQ.

Portfolio Diversification⁵

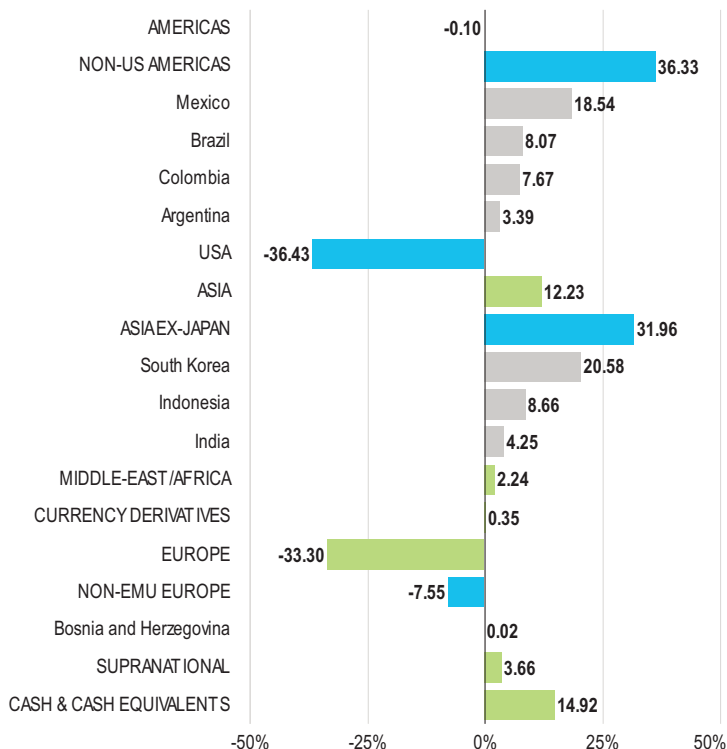
Geographic Allocation²

Market Value—Percent of Total



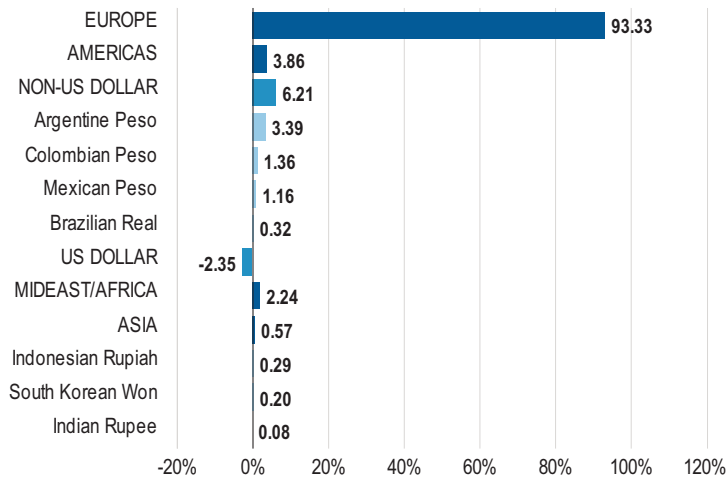
Geographic Allocation vs. JP Morgan Global Government Bond (Hedged into EUR) Index²

Market Value—Percent of Total



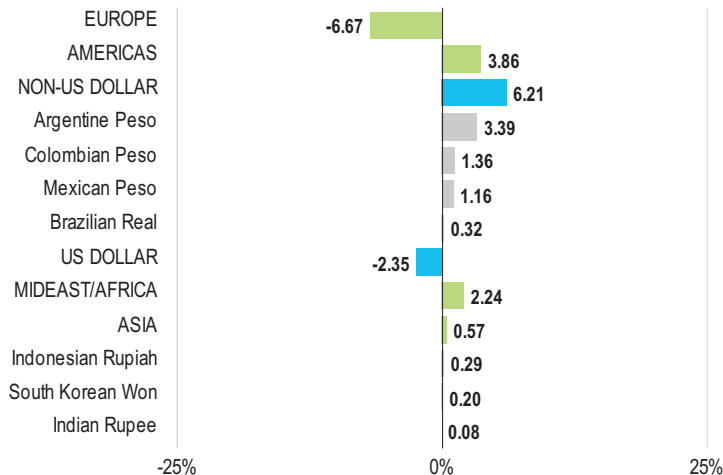
Currency Exposure⁸

Notional Exposure—Percent of Total



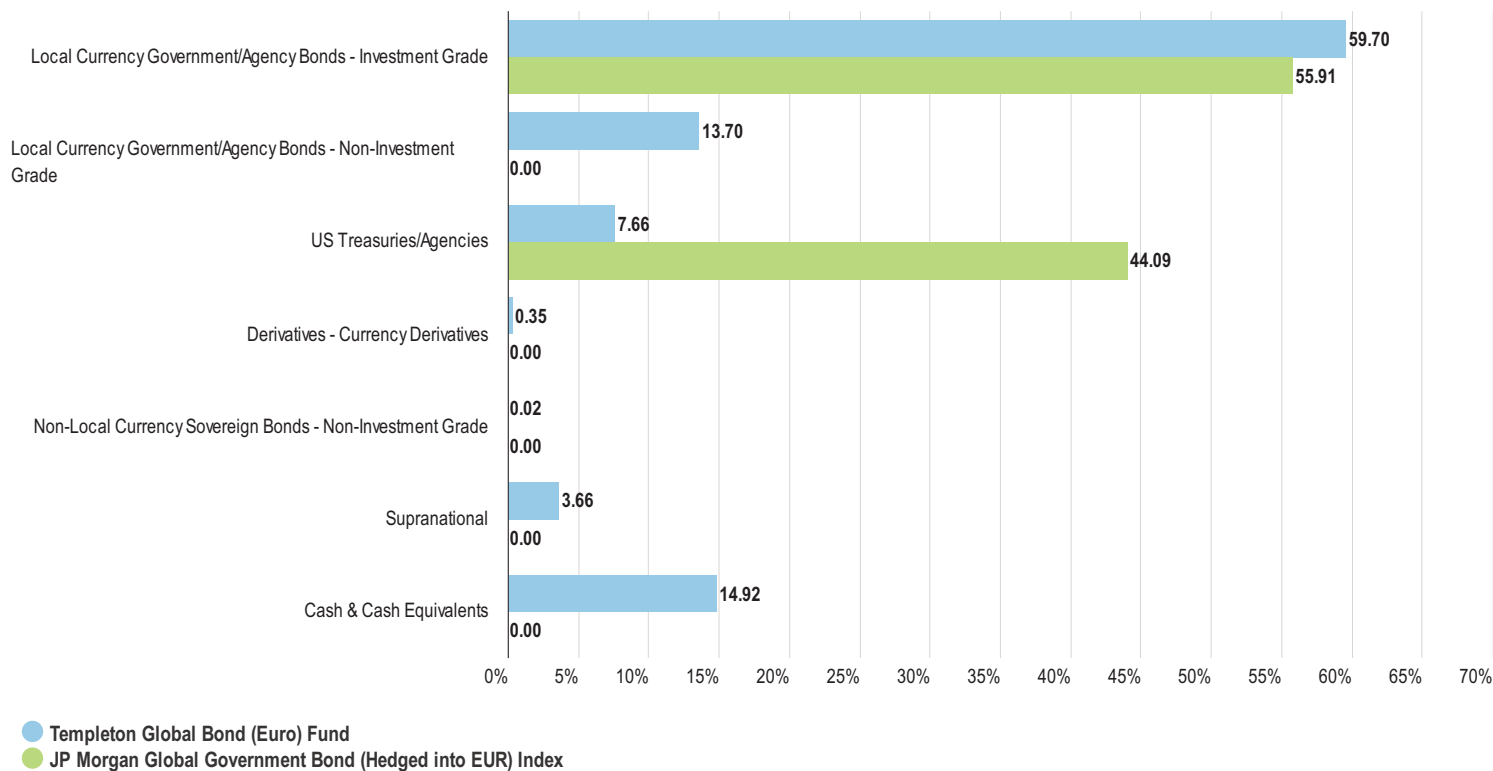
Currency Exposure vs. JP Morgan Global Government Bond (Hedged into EUR) Index⁸

Notional Exposure—Percent of Total



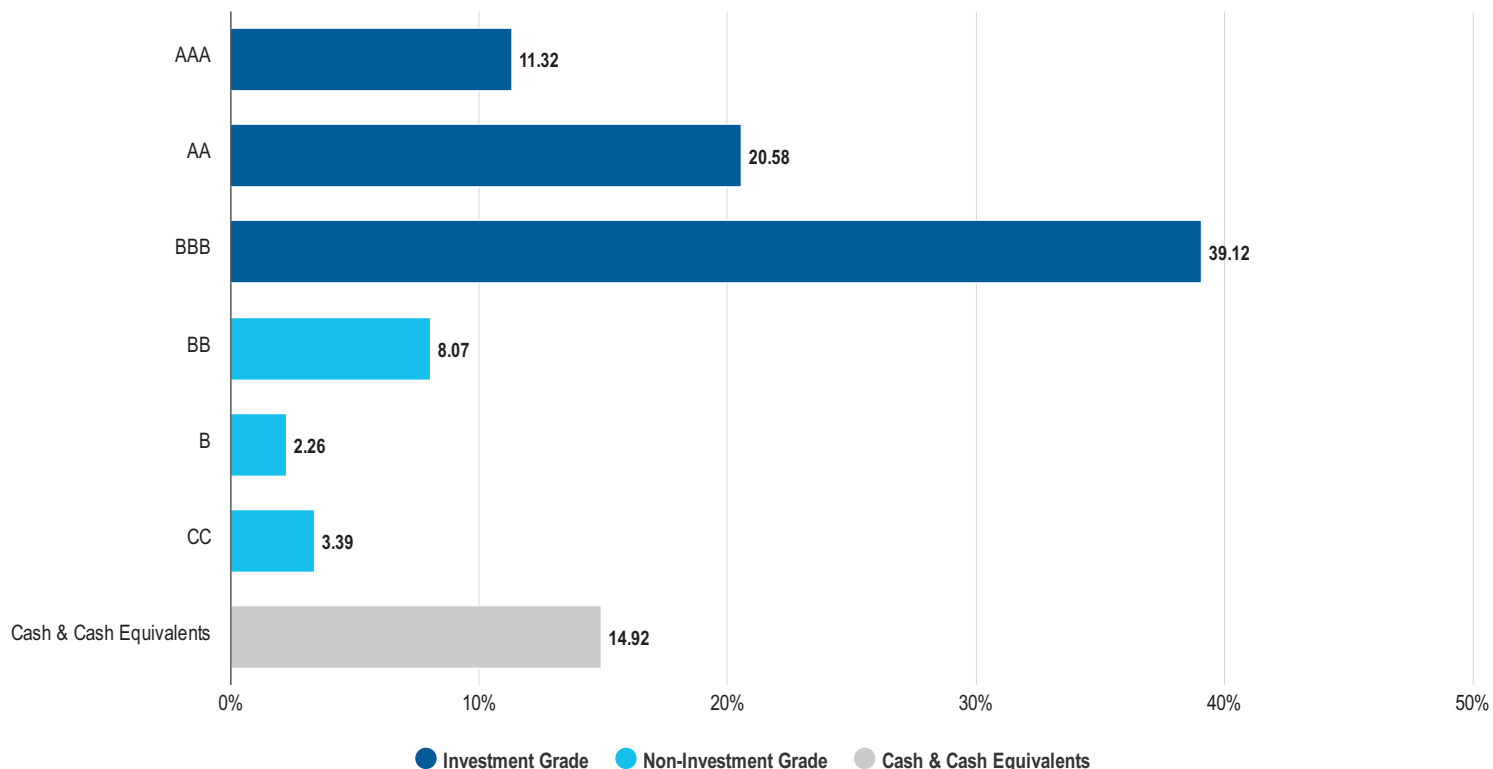
Sector Allocation vs. JP Morgan Global Government Bond (Hedged into EUR) Index²

Market Value—Percent of Total



Credit Quality Allocation^{2,9}

Market Value—Percent of Total



9. Ratings shown are assigned by one or more Nationally Recognized Statistical Rating Organizations ('NRSRO'), such as Standard & Poor's, Moody's and Fitch. The ratings are an indication of an issuer's creditworthiness and typically range from AAA or Aaa (highest) to D (lowest). When ratings from all three agencies are available, the middle rating is used; when two are available, the lowest rating is used; and when only one is available, that rating is used. Foreign government bonds without a specific rating are assigned the country rating provided by an NRSRO, if available. The NR category consists of ratable securities that have not been rated by an NRSRO. The N/A category consists of nonratable securities (e.g., equities). Cash includes equivalents, which may be rated.

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

Supplemental Performance Statistics

Supplemental Risk Statistics¹⁰

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Templeton Global Bond (Euro) Fund	5.69	4.83	4.00	4.60
JP Morgan Global Government Bond (Hedged into EUR) Index	3.22	3.33	3.17	3.12
Tracking Error (%)	7.95	6.87	5.50	5.29
Information Ratio¹¹	-0.95	-0.63	-0.50	-0.35
Sharpe Ratio				
Templeton Global Bond (Euro) Fund	-0.71	-0.28	0.18	0.23
JP Morgan Global Government Bond (Hedged into EUR) Index	1.08	0.90	1.08	0.94

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Michael Hasenstab, Ph. D.	21	25
Calvin Ho, Ph. D.	14	15

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 debt securities issued by government or government-related entities in any country and in derivatives. Such securities and derivatives have historically been subject to price movements, generally due to interest rates, foreign exchange rates or movements in the bond market. As a result, the performance of the Fund can fluctuate moderately over time. Other significant risks include: credit risk, currency risk, derivatives risk, liquidity risk, emerging markets 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.

10. Information Ratio and Tracking Error information are displayed for the product versus the JP Morgan Global Government Bond (Hedged into EUR) Index.

11. 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 Global Bond (Euro) 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

The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes.

Securities mentioned in this report are not a solicitation to purchase those securities, and are examples of some securities which performed well. Not all securities in the portfolio performed well. These securities do not represent all the securities purchased, sold or recommended for advisory clients, and the reader should not assume that investment in the security listed was or will be profitable. Holdings are subject to change, holdings of the same issuer have been combined. The information provided is not a recommendation to purchase, sell or hold any particular security. The security identified does not represent the Fund's entire holdings and in the aggregate, may represent a small percentage of such holdings. There is no assurance that security purchased will remain in the Fund, or that security sold will not be repurchased. In addition, it should not be assumed that any securities mentioned were or will prove to be profitable. 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.

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

2. Market value figures reflect the trading value of the investments. Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.

3. 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.

4. Yield to Maturity, Yield to Worst, Average Duration and Average Weighted Maturity reflect certain derivatives held in portfolio (or their underlying reference assets).

5. Information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change.

6. Yield figures quoted should not be used as an indication of the income that has or will be received. Yield figures are based on the portfolio's underlying holdings and do not represent a payout of the portfolio. **Past performance is not an indicator or a guarantee of future performance.**

8. Notional exposure figures are intended to estimate the portfolio's exposure, including any hedged or increased exposure through certain derivatives held in the portfolio (or their underlying reference assets). Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.

www.franklintempleton.com.sg



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