

Fund Manager Report

Product Details¹

Fund Assets	\$2,875,819,704.41
Fund Inception Date	16/04/1991
Number of Issuers	54
Bloomberg	TEMFREI LX
ISIN	LU0029875118
Base Currency	USD
Investment Style	Blend
Benchmark	MSCI All Country Asia ex-Japan Index
Morningstar Category™	Asia ex-Japan Equity

Asset Allocation²

Percent of Total	%
Equity	99.56
Cash & Cash Equivalents	0.44
Fixed Income	0.00

Fund Description

The Fund aims to achieve long-term capital appreciation by investing primarily in equity securities listed in Asia (excluding Australia, New Zealand and Japan).

Performance Data

Performance Net of Management Fees as at 31/07/2020 (Dividends Reinvested) (%)³

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
A (Ydis) USD	10.21	19.40	2.12	10.20	1.67	5.30	3.01	5.06
Net of Sales Charge - A (Ydis) USD	4.70	13.43	-2.99	4.69	-0.05	4.22	2.48	4.88
A (acc) SGD	8.60	16.38	4.28	10.12	2.14	5.33	3.11	0.18
Net of Sales Charge - A (acc) SGD	3.17	10.56	-0.93	4.61	0.41	4.26	2.58	-0.22
MSCI All Country Asia ex-Japan Index USD	8.58	16.37	3.53	12.63	4.93	7.83	6.48	7.56
MSCI All Country Asia ex-Japan Index SGD	6.73	13.36	5.58	12.85	5.29	7.88	6.57	2.72

Cumulative Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
A (Ydis) USD	10.21	19.40	2.12	10.20	5.11	29.45	34.47	320.33
Net of Sales Charge - A (Ydis) USD	4.70	13.43	-2.99	4.69	-0.15	22.98	27.75	299.31
A (acc) SGD	8.60	16.38	4.28	10.12	6.56	29.65	35.85	2.30
Net of Sales Charge - A (acc) SGD	3.17	10.56	-0.93	4.61	1.23	23.17	29.06	-2.82
MSCI All Country Asia ex-Japan Index USD	8.58	16.37	3.53	12.63	15.54	45.80	87.33	731.90
MSCI All Country Asia ex-Japan Index SGD	6.73	13.36	5.58	12.85	16.74	46.12	88.95	40.88

The Inception Date for the A (Ydis) USD share class and A (acc) SGD share class is 16/04/1991 and 25/10/2007 respectively.

Portfolio Manager Insight

Performance Review

ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Taiwan Semiconductor Manufacturing Co., Ltd.	Information Technology (Stock Selection, Overweight)	Taiwan (Stock Selection)
	Infosys Limited	Consumer Staples (Stock Selection)	China (Stock Selection)
	China Mengniu Dairy Co., Ltd.	Communication Services (Stock Selection)	Hong Kong (Underweight)
HURT	CNOOC Limited	Energy (Stock Selection)	India (Stock Selection)
	AIA Group Limited	Financials (Stock Selection)	Indonesia (Stock Selection, Overweight)
	HDFC Bank Limited	Materials (Stock Selection)	—

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.

- 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.
- India-based technology services provider Infosys rallied as its quarterly earnings beat market expectations, thanks to large deal wins and improved margins. It also flagged potential revenue growth for the full year. In our view, Infosys has shown resilience in an uncertain environment, and we believe its sizeable order book provides reasonable visibility on its potential growth.
- However, India-based HDFC Bank finished lower. While it announced robust quarterly results, lending practices in its auto loans business came under increased scrutiny. The private-sector lender continues to stand out to us for its healthy capitalisation, growing deposit franchise, and strong track record in risk management, and we believe it is well-positioned to gain market share from weaker players.

Outlook & Strategy

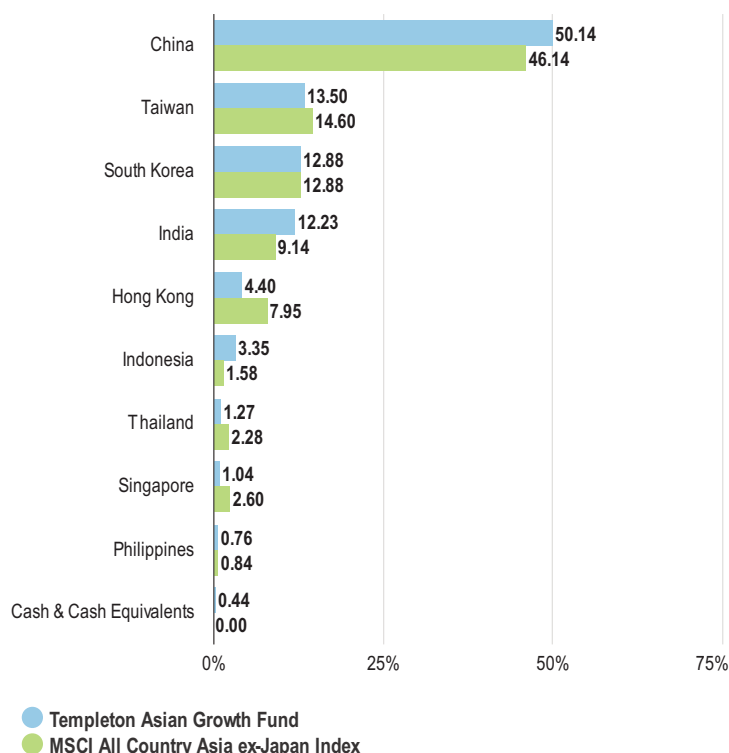
- Market sentiment has largely held out against the evolving path of the pandemic. While some economies are struggling with new waves of COVID-19 transmission, others have seen containment and are gradually reopening. Consensus suggests that a potential vaccine is at least 12 to 18 months away and, in the interim, countries will need to start operating effectively again.
- Better-than-expected economic data and robust corporate earnings in Asia have supported investors' risk appetite. Across most countries, rapid policy responses have kept severe systemic shocks at bay. North Asia has been ahead of the curve in resuming economic activity, with China's gross domestic product (GDP) growing more than expected in the second quarter. We expect investor sentiment towards countries outside North Asia to improve over the rest of the year as they potentially catch up in their recovery efforts.
- In addition to the health crisis, the longstanding friction between China and the United States has returned to the fore. We think 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 think 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 alongside increased remote working and business digitalisation, and we are invested in semiconductor companies with the potential to benefit from higher chip demand.
- Meanwhile, increased consumer demand for safety and convenience could boost e-commerce, and we favour internet companies enabling online shopping, food delivery and other services. We believe that our focus on companies with sustainable earnings power positions the portfolio well in an uncertain climate.

Portfolio Characteristics^{4,5}

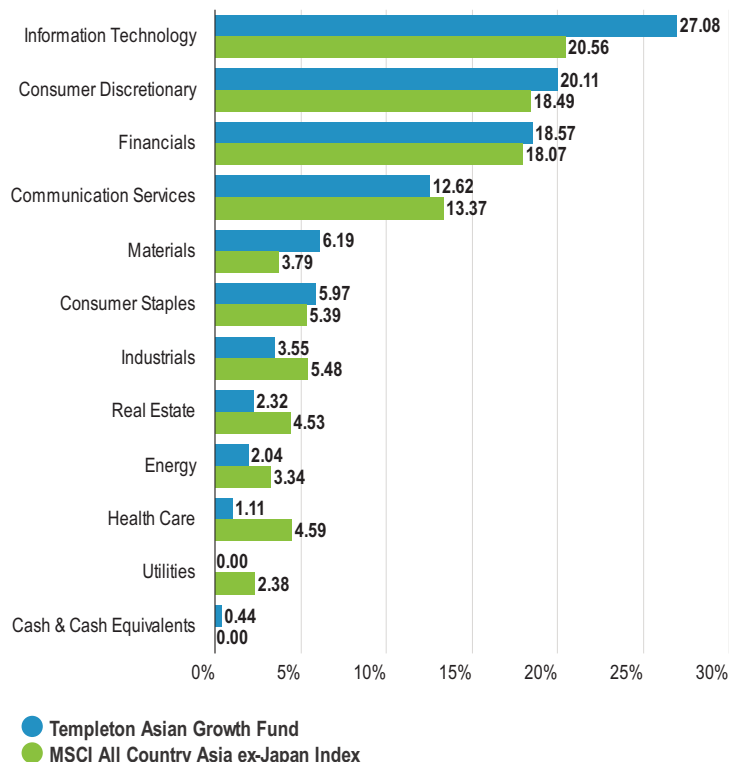
	Portfolio	MSCI All Country Asia ex-Japan Index
Price to Earnings (12-Month Trailing)	18.22x	17.70x
Price to Book	2.46x	1.72x
Price to Cash Flow	10.48x	11.71x
Market Capitalisation (Millions in USD)	260,972	96,893
Dividend Yield	1.88%	2.24%

Portfolio Diversification

Geographic Weightings vs. MSCI All Country Asia ex-Japan Index⁶
Percent of Total



Sector Weightings vs. MSCI All Country Asia ex-Japan Index⁶
Percent of Total



Top Ten Holdings⁷

Percent of Total

Top Holdings	Sector	Country	%
TAIWAN SEMICONDUCTOR	Semiconductors & Semiconductor	Taiwan	12.23
MANUFACTURING CO LTD	Equipment		
ALIBABA GROUP HOLDING LTD	Retailing	China	10.66
TENCENT HOLDINGS LTD	Media & Entertainment	China	10.51
SAMSUNG ELECTRONICS CO LTD	Technology Hardware & Equipment	South Korea	10.15
MEITUAN DIANPING	Retailing	China	3.72
AIA GROUP LTD	Insurance	Hong Kong	3.71
PING AN INSURANCE GROUP CO OF CHINA LTD	Insurance	China	3.35
KWEICHOW MOUTAI CO LTD	Food, Beverage & Tobacco	China	2.28
CNOOC LTD	Energy	China	2.04
CHINA MERCHANTS BANK CO LTD	Banks	China	2.01

Supplemental Performance Statistics

Supplemental Risk Statistics⁸

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Templeton Asian Growth Fund	19.29	17.92	17.96	-
MSCI All Country Asia ex-Japan Index	17.87	17.16	16.93	22.64
Tracking Error (%)	4.80	5.99	6.74	-
Information Ratio⁹	-0.68	-0.42	-0.52	-
Beta	1.05	0.98	0.98	-
Sharpe Ratio				
Templeton Asian Growth Fund	0.00	0.23	0.13	-
MSCI All Country Asia ex-Japan Index	0.19	0.39	0.35	0.22

8. Beta, Information Ratio and Tracking Error information are measured against the MSCI All Country Asia ex-Japan 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).

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Investment Team

Portfolio Manager	Years with Firm	Years Experience
Sukumar Rajah	26	29
Eric Mok, 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 companies located in or doing significant business in Asia. 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: foreign currency risk, emerging markets 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.

Important Legal Information

Templeton Asian Growth 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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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. 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.

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

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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