

Product Details¹

Fund Assets	\$359,357,074.20
Fund Inception Date	14/10/2008
Number of Issuers	47
Bloomberg	TEMFMAU LX
ISIN	LU0390136736
Base Currency	USD
Investment Style	Blend
Benchmark	Linked MSCI Frontier Emerging Markets Select Countries Capped Index-NR
	MSCI Frontier Emerging Markets Select Countries Capped Index-NR
Morningstar Category™	Global Frontier Markets Equity

Asset Allocation²

Percent of Total	%
Equity	99.16
Cash & Cash Equivalents	0.84
Fixed Income	0.00

Fund Description

The Fund aims to achieve long-term capital appreciation by investing principally in transferable equity securities of companies incorporated and/or having their principal business activities in the frontier markets countries across the market capitalisation spectrum.

Performance Data^{3,4}
Performance Net of Management Fees as at 31/12/2020 (Dividends Reinvested) (%)^a

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (14/10/2008)
A (acc) USD	5.85	15.14	-1.33	-1.33	-5.31	2.33	0.18	4.80
Net of Sales Charge - A (acc) USD	0.56	9.38	-6.27	-6.27	-6.91	1.29	-0.33	4.36
Linked MSCI Frontier Emerging Markets Select Countries Capped Index- NR USD	6.04	16.04	0.22	0.22	-0.07	5.86	3.07	1.63

Cumulative Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (14/10/2008)
A (acc) USD	5.85	15.14	-1.33	-1.33	-15.09	12.23	1.85	77.23
Net of Sales Charge - A (acc) USD	0.56	9.38	-6.27	-6.27	-19.34	6.61	-3.24	68.37
Linked MSCI Frontier Emerging Markets Select Countries Capped Index- NR USD	6.04	16.04	0.22	0.22	-0.21	32.98	35.36	21.76

Portfolio Manager Insight
Performance Review
QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Hoa Phat Group JSC	Financials (Stock Selection)	Kuwait (Stock Selection)
	Human Soft Holding Co. KSCC	Consumer Discretionary (Overweight)	Vietnam (Stock Selection, Overweight)
	Beximco Pharmaceuticals Limited	Information Technology (Overweight)	Bangladesh (Stock Selection)
HURT	Puregold Price Club Inc.	Consumer Staples (Stock Selection, Overweight)	Philippines (Stock Selection)
	Cleopatra Hospital Company	Real Estate (Stock Selection)	Nigeria (Stock Selection)
	Robinsons Retail Holdings, Inc.	Industrials (Stock Selection)	Egypt (Overweight)

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. The benchmark performance is derived from a combination of the MSCI Frontier Markets Index-NR from inception to 31 May 2017 and the MSCI Frontier Emerging Markets Select Countries Capped Index-NR from 1 June 2017 to present. The MSCI Frontier Emerging Markets Select Countries Capped Index-NR is a custom index derived from the standard MSCI Frontier Emerging Markets Index-NR with an additional custom weighting cap methodology.

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

- Philippines-based grocery store operator Puregold Price Club fell over the quarter. Vaccine-driven optimism diverted investors' interest away from consumer staples companies perceived to be more defensive during the pandemic. We believe Puregold Price Club continues to offer exposure to the Philippines' longer-term consumption growth potential.
- In Egypt, private hospital operator Cleopatra Hospital Company declined. Uncertainty around its plan to acquire another health care group—with Egyptian antitrust authorities expressing concerns—drove volatility in the stock. We view Cleopatra Hospital as a potential consolidator in Egypt's fragmented private hospital industry, and we think it is well-positioned for longer-term growth in the country's underserved health care market.
- Conversely, Vietnam-based steel producer Hoa Phat Group rallied as it recorded strong sales. A jump in its third-quarter earnings took its nine-month profit above that for the whole of 2019. We believe Hoa Phat's position as one of the largest steel makers in Vietnam has given it scale and cost advantages, which could help it gain further market share.

ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Vietnam Technological & Commercial Joint Stock Bank	Financials (Stock Selection)	Vietnam (Stock Selection)
	Banco Davivienda SA Pfd	Materials (Stock Selection)	Kuwait (Stock Selection)
	Hoa Phat Group JSC	Communication Services (Underweight)	Colombia (Stock Selection)
HURT	Wilcon Depot, Inc.	Consumer Staples (Stock Selection, Overweight)	Philippines (Stock Selection)
	Robinsons Retail Holdings, Inc.	Energy (Lack of Exposure)	Egypt (Overweight)
	Puregold Price Club Inc.	Real Estate (Underweight)	Lebanon (Lack of Exposure)

- The Philippine stock market lagged its frontier market peers in December. Worries about a potential return of lockdowns in the country amidst the spread of a new COVID-19 strain globally reined in investor confidence. Against this backdrop, home improvement and construction supplies retailer Wilcon Depot and multi-format retailer Robinsons Retail fell.
- Our constructive view of longer-term consumption prospects in the Philippines underpins our positions in both companies. We expect Wilcon Depot to benefit from rising urbanisation in the Philippines. We also see room for Robinsons Retail to grow in the country's underpenetrated retail market.
- Finishing sharply higher was Vietnam Technological & Commercial Joint Stock Bank (Techcombank). Vietnam's robust economy was a positive catalyst for the stock. The country raised its economic growth target for 2021 as it became one of the few markets in the world to post an expansion in 2020 despite the pandemic. Techcombank stands out to us as one of the strongest lenders in Vietnam.

Outlook & Strategy

- Frontier markets as a whole recorded a strong fourth quarter in what was otherwise a tough year for the asset class. In our view, many companies showed resilience in the face of the pandemic and should emerge from the crisis with stronger competitive positions. We continue to closely monitor the pace of recovery in what we consider to be good-quality companies that have corrected significantly beyond the limited near-term impact to their intrinsic values.
- The challenges of 2020 have highlighted structural advantages and other beneficial secular trends in frontier markets that we believe bode well for 2021. For instance, the pandemic has accelerated technology adoption across frontier markets. The banking industry has largely seen higher digital adoption from the current client base, on top of a new wave of digital customers. In Egypt, a financial technology player has established itself as a leading e-payment platform. We think frontier markets continue to exhibit longer-term economic growth potential, offering a structural opportunity akin to emerging markets some 30 years ago, except that the development curve could be sharper due to technology availability.
- However, we expect COVID-19 to remain prevalent in 2021. Whilst some countries have already started inoculation, the production and distribution of vaccines in sufficient scale are challenges equal to their development. As a result, we expect many countries to continue experiencing sporadic COVID-19 outbreaks, which could add volatility to the underlying trend of economic and market recovery. For oil-producing economies, the near-term outlook could remain under pressure. Oil prices have stayed low compared with recent history, straining many government budgets at a time when local economies need fiscal stimulus.
- Amidst shifting winds, our investment focus remains on companies that demonstrate sustainable earnings power, trading at discounts to our assessment of their intrinsic worth. We believe frontier markets offer diverse investment opportunities across the Asian, Middle Eastern, African, Latin American, and Eastern European regions. We favour companies that could benefit from various secular drivers, including expanding working populations, growing consumer markets, urbanisation, and economic reforms.

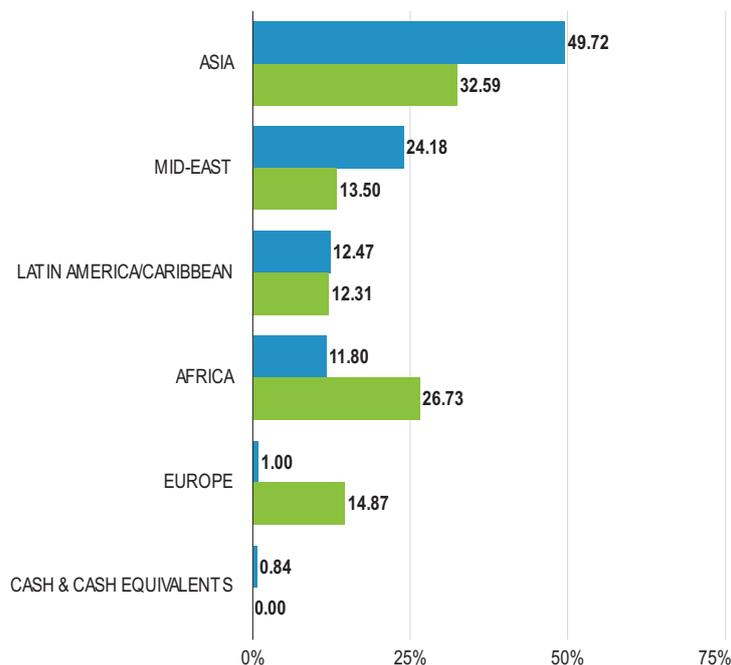
Portfolio Characteristics^{b,c}

	Portfolio	MSCI Frontier Emerging Markets Select Countries Capped Index-NR
Price to Earnings (12-Month Trailing)	15.08x	14.29x
Price to Book	1.96x	1.65x
Price to Cash Flow	7.40x	9.12x
Market Capitalisation (Millions in USD)	4,749	2,832
Dividend Yield	2.29%	3.65%

Portfolio Diversification

Geographic Weightings vs. Linked MSCI Frontier Emerging Markets Select Countries Capped Index-NR^d

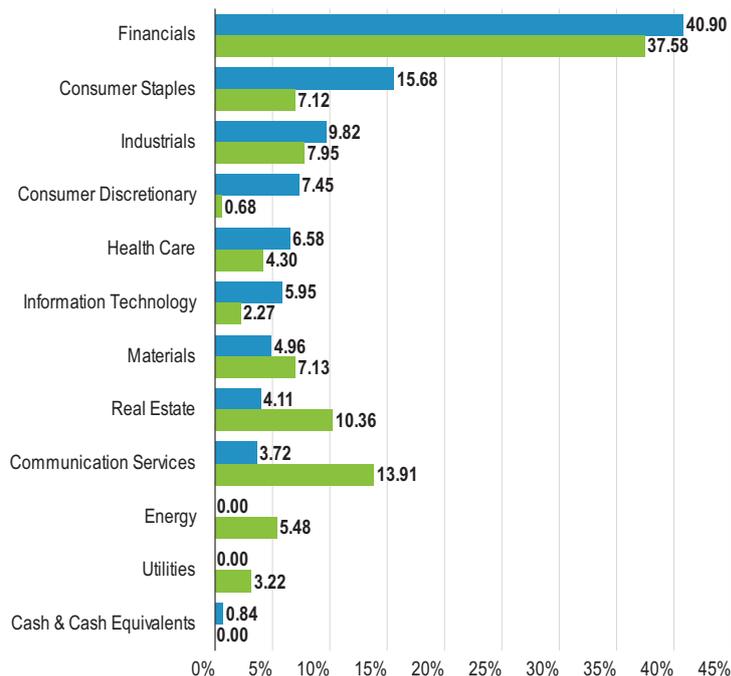
Percent of Total



● Templeton Frontier Markets Fund
● MSCI Frontier Emerging Markets Select Countries Capped Index-NR

Sector Weightings vs. Linked MSCI Frontier Emerging Markets Select Countries Capped Index-NR^d

Percent of Total



● Templeton Frontier Markets Fund
● MSCI Frontier Emerging Markets Select Countries Capped Index-NR

Top Ten Holdings^e

Percent of Total

Top Holdings	Sector	Country	%
HOA PHAT GROUP JSC	Materials	Vietnam	4.96
AHLI UNITED BANK BSC	Banks	Kuwait	3.61
ATTIJARIWAFABANK	Banks	Morocco	3.43
HUMAN SOFT HOLDING CO KSC	Consumer Services	Kuwait	3.37
BDO UNIBANK INC	Banks	Philippines	3.11
METROPOLITAN BANK & TRUST CO	Banks	Philippines	3.10
CREDICORP LTD	Banks	Peru	3.04
VIETNAM TECHNOLOGICAL & COMMERCIAL JOINT STOCK BANK	Banks	Vietnam	2.99
VINCOM RETAIL JSC	Real Estate	Vietnam	2.91
INTERNATIONAL CONTAINER TERMINAL SERVICES INC	Transportation	Philippines	2.74

Supplemental Performance Statistics

Supplemental Risk Statistics⁵

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Templeton Frontier Markets Fund	19.58	16.60	14.92	16.45
Linked MSCI Frontier Emerging Markets Select Countries Capped Index-NR	18.38	15.50	13.80	16.87
Tracking Error (%)	4.52	5.68	6.39	8.14
Information Ratio⁶	-1.16	-0.62	-0.45	0.16
Beta	1.04	1.01	0.98	0.86
Sharpe Ratio				
Templeton Frontier Markets Fund	-0.35	0.07	-0.03	0.24
Linked MSCI Frontier Emerging Markets Select Countries Capped Index-NR	-0.08	0.31	0.18	0.16

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Bassel Khatoun	13	18
Ahmed Awny, CFA	13	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 frontier markets around the world that are subject to significant price movements, frequently to a greater extent than equity markets generally or emerging markets. As a result, the performance of the Fund can fluctuate over time. Other significant risks include: foreign currency risk, emerging markets risk, liquidity 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.

5. Beta, Information Ratio and Tracking Error information are measured against the Linked MSCI Frontier Emerging Markets Select Countries Capped Index-NR.

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

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

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.

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a. 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.

b. 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. All holdings are subject to change.

c. 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.**

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

e. 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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