

Fund Manager Report

Product Details¹

Fund Assets	¥7,533,596,223.74
Fund Inception Date	01/09/2000
Number of Issuers	39
Bloomberg	TEMFTJA LX
ISIN	LU0116920520
Base Currency	JPY
Investment Style	Growth
Benchmark	Tokyo Stock Price Index (TOPIX)
Morningstar Category™	Japan Large-Cap Equity

Asset Allocation²

Percent of Total	%
Equity	97.84
Cash & Cash Equivalents	2.16
Fixed Income	0.00

Fund Description

The Fund aims to achieve long-term capital appreciation by primarily investing in equity securities of companies of any size located or performing business predominantly in Japan.

Performance Data

Performance Net of Management Fees as at 30/11/2020 (Dividends Reinvested) (%)³

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (01/09/2000)
A (acc) JPY	10.31	11.66	6.66	6.72	-2.09	0.50	7.06	-0.35
Net of Sales Charge - A (acc) JPY	4.80	6.08	1.33	1.39	-3.76	-0.53	6.51	-0.60
Tokyo Stock Price Index (TOPIX) JPY	11.14	9.39	4.30	5.81	1.68	4.47	9.73	2.45

Cumulative Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (01/09/2000)
A (acc) JPY	10.31	11.66	6.66	6.72	-6.16	2.52	97.81	-6.83
Net of Sales Charge - A (acc) JPY	4.80	6.08	1.33	1.39	-10.85	-2.61	87.92	-11.49
Tokyo Stock Price Index (TOPIX) JPY	11.14	9.39	4.30	5.81	5.14	24.48	153.07	63.40

Portfolio Manager Insight

Performance Review

ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors
HELPED	Topcon Corp.	Consumer Discretionary (Stock Selection)
	Suzuki Motor Corp.	Communication Services (Stock Selection)
	CKD Corporation	Information Technology (Stock Selection, Overweight)
HURT	JMDC Inc.	Health Care (Stock Selection)
	Meitec Corporation	Real Estate (Stock Selection)
	GLP-J REIT	Financials (Stock Selection, Underweight)

- Medical data provider JMDC declined. During the month, there was a broad bounce in cyclical stocks, which hampered share-price progress in growth companies, including JMDC.
- Engineering-focussed staffing provider Meitec also trailed the benchmark index. Meitec reported half-year results that saw a year-on-year drop in net sales and operating profit, as the utilisation of its engineers was hit by the COVID-19 pandemic. Its main customers in the industrial and technology sectors appeared to hold off on research and development activities.
- In contrast, optical device manufacturer Topcon made strong progress. Its shares jumped at the start of the month following better-than-expected second-quarter results. Topcon managed to get its main construction and eye care businesses functioning again after a significant impact from the pandemic during the first quarter.

Outlook & Strategy

- November brought positive news of development data for three potential COVID-19 vaccines. The progress in the development of seemingly effective COVID-19 vaccines is significant for equity markets as it reduces the likelihood of some of the worst-case scenarios for earnings, and allows the market to put a floor under earnings expectations from the second half of 2021. On the other hand, the practicalities of approval and distribution of these vaccines may prove

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.

difficult and could take time, and all the while, infection levels in Europe and the United States are still a cause for concern. In the short term, we believe market direction could be swayed by these opposing factors but ultimately vaccines will allow a return to normal life, which is a positive for the stock market.

- Our focus remains on uncovering stocks with the potential to become long-term outperformers. The fund is exposed to several companies that we believe can prosper regardless of the macroeconomic environment. These are typically mid-cap companies with a domestic focus and are thus broadly shielded from the travails of the global economy. The fund also owns several positions in cyclical businesses, where, in our assessment, the outlook is for better-than-average growth through the next cycle, helped by their robust business models and key competitive advantages.
- Our long-term prediction of slow-but-steady improvements in corporate governance remains intact, with the increasing role of activism potentially realising some of the deep value to be found in corporate Japan. We also believe that Japan's market cyclicality has evolved over the years since the global financial crisis. The country increasingly relies on the non-manufacturing segments of the economy, where profits now outweigh the manufacturing segments, leading to steadier growth and reduced cyclicality.

Portfolio Characteristics⁴

	Portfolio	Tokyo Stock Price Index (TOPIX)
Price to Earnings (12-Month Trailing)	18.13x	19.78x
Price to Book	1.28x	1.25x
Price to Cash Flow	7.96x	8.20x
Market Capitalisation (Millions in JPY)	2,286,838	3,935,910
Price to Earnings Growth Ratio	2.33x	-
3-Year Sales Growth	5.69%	-
Estimated 3-5 Yr EPS Growth	10.27%	-
Price to Earnings (12 Month Forward)	18.62x	-

Portfolio Diversification

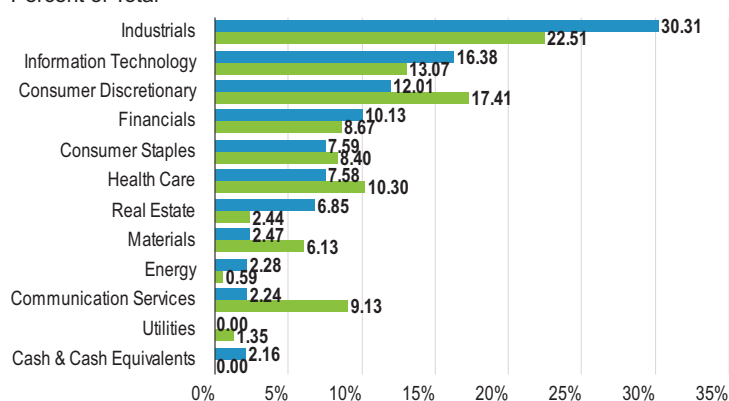
Top Ten Holdings⁵

Percent of Total

Top Holdings	%
MURATA MANUFACTURING CO LTD	3.36
JMDC INC	3.33
SUZUKI MOTOR CORP	3.31
KOITO MANUFACTURING CO LTD	3.18
DAIWA HOUSE INDUSTRY CO LTD	3.07
PANASONIC CORP	3.07
FUJITSU LTD	3.07
EAST JAPAN RAILWAY CO	3.06
ACOM CO LTD	2.97
DAIFUKU CO LTD	2.97

Sector Weightings vs. Tokyo Stock Price Index (TOPIX)⁶

Percent of Total



● Franklin Japan Fund
● Tokyo Stock Price Index (TOPIX)

Supplemental Performance Statistics

Supplemental Risk Statistics⁷

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Franklin Japan Fund	16.39	16.56	17.07	18.90
Tokyo Stock Price Index (TOPIX)	16.88	16.07	16.80	17.47
Tracking Error (%)	4.77	4.81	4.49	5.50
Information Ratio⁸	-0.79	-0.83	-0.60	-0.49
Beta	0.93	0.99	0.98	1.04
Sharpe Ratio				
Franklin Japan Fund	-0.12	0.04	0.42	-0.01
Tokyo Stock Price Index (TOPIX)	0.11	0.29	0.58	0.14

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Claire Marwick, CFA	1	19
Lauran Halpin	6	14

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 Japanese equity securities. 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: foreign currency risk, emerging markets risk, liquidity risk, concentration 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.

7. Beta, Information Ratio and Tracking Error information are measured against the Tokyo Stock Price Index (TOPIX).

8. 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 Japan 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.

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

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 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.

5. 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.

6. 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.