

Fund Manager Report

Product Details¹

Fund Assets	\$543,451,162.94
Fund Inception Date	25/10/2005
Number of Issuers	49
Bloomberg	TEMBRAC LX
ISIN	LU0229945570
Base Currency	USD
Investment Style	Blend
Benchmark	MSCI BRIC Index-NR
Morningstar Category™	BRIC Equity

Asset Allocation^a

Percent of Total	%
Equity	100.32
Cash & Cash Equivalents ²	-0.32
Fixed Income	0.00

Overall Morningstar Rating™ b



Fund Description

The Fund aims to achieve long-term capital appreciation by investing primarily in equity securities of companies organised under the laws of or having their principal office in Brazil, Russia, India and China (including Hong Kong and Taiwan) (BRIC), as well as in companies that derive the principal portion of their revenues or profits from BRIC economies, or have the principal portion of their assets there.

Performance Data³

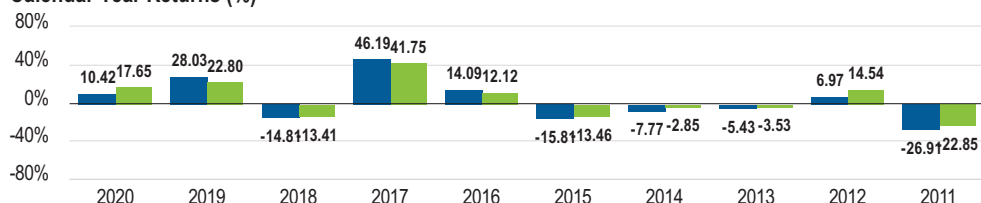
Discrete Annual Performance (%) as at 30/09/2021

	9/20-9/21	9/19-9/20	9/18-9/19	9/17-9/18	9/16-9/17
A (acc) USD	13.45	11.64	1.52	1.37	28.33
MSCI BRIC Index-NR USD	7.68	15.48	2.79	-2.51	27.91

Performance Net of Management Fees as at 30/09/2021 (Dividends Reinvested) (%)^{c,d}

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (25/10/2005)
A (acc) USD	-3.91	-10.78	-1.08	13.45	8.74	10.84	4.76	5.32
MSCI BRIC Index-NR	-3.81	-11.28	-6.57	7.68	8.52	9.77	6.06	7.62

Calendar Year Returns (%)



- A (acc) USD
- MSCI BRIC Index-NR

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

Portfolio Manager Insight

Performance Review

QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Sberbank Russia PJSC Sponsored ADR	Information Technology (Overweight)	China (Stock Selection, Underweight)
	Oil company LUKOIL PJSC Sponsored ADR	Materials (Stock Selection)	Russia (Overweight)
	Guangzhou Tinci Materials Technology Co., Ltd	Financials (Overweight)	Taiwan (Off-benchmark Exposure)
HURT	Americanas SA	Consumer Staples (Stock Selection)	India (Underweight)
	B3 SA - Brasil, Bolsa, Balcao	Energy (Stock Selection, Underweight)	Brazil (Stock Selection)
	Health and Happiness (H&H) International Holdings Limited	Utilities (Lack of Exposure)	South Africa (Off-benchmark Exposure)

1. All holdings are subject to change. Holdings of the same issuers have been combined.

2. The negative cash position reflects a temporary position that is a result of a delay in securities settlement transactions.

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

- Sberbank Russia's share price advanced. Its quarterly earnings growth beat expectations, and it upgraded its return-on-equity guidance. Rising interest rates in Russia also lifted the market's outlook for its margins. We believe that Sberbank's fast-growing digital ecosystem could entrench its industry leadership and position it for further growth in an underpenetrated market.
- Guangzhou Tinci Materials Technology's share price soared. The China-based battery electrolyte producer posted better-than-expected first-half 2021 earnings and projected strong growth ahead. We believe that Guangzhou Tinci's competitive advantages should position it to capture robust demand for batteries needed for electric vehicles and energy storage.
- Shares of Brazilian e-commerce company Americanas retreated amidst intense industry competition. Although the company's quarterly sales accelerated, its growth lagged its major competitors. We believe that Americanas' recent business integration with its parent Lojas Americanas should boost the combined group's competitiveness across online and physical channels.

ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Oil company LUKOIL PJSC Sponsored ADR	Information Technology (Stock Selection)	Russia (Overweight)
	Sberbank Russia PJSC Sponsored ADR	Consumer Discretionary (Underweight)	China (Stock Selection)
	Guangzhou Tinci Materials Technology Co., Ltd	Financials (Overweight)	—
HURT	Baoshan Iron & Steel Co., Ltd. Class A	Consumer Staples (Stock Selection)	India (Stock Selection)
	Banco Bradesco S.A. Sponsored ADR Pfd	Health Care (Stock Selection)	Brazil (Stock Selection, Overweight)
	Americanas SA	Utilities (Lack of Exposure)	Taiwan (Off-benchmark Exposure)

- Shares of Brazilian financial group Banco Bradesco declined. Signs of a slowdown in Brazil's economic momentum, coupled with Bradesco's weaker-than-expected quarterly results, weighed on the market's outlook for the company. We believe that Bradesco's banking and insurance businesses remain fundamentally strong, and it could have a long runway of growth in Brazil's underpenetrated market.
- Off-benchmark exposure to Taiwan detracted overall. On an individual basis, the shares of Taiwan Semiconductor Manufacturing Company lagged the benchmark and hindered relative returns.
- Meanwhile, shares of Russia-based energy producer Lukoil gained on the back of an oil-price rally, as Brent crude prices reached their highest levels in three years. We believe that Lukoil's solid business model, cash-generating ability and strong focus on shareholder returns augur well for dividends and share buybacks.

Outlook & Strategy

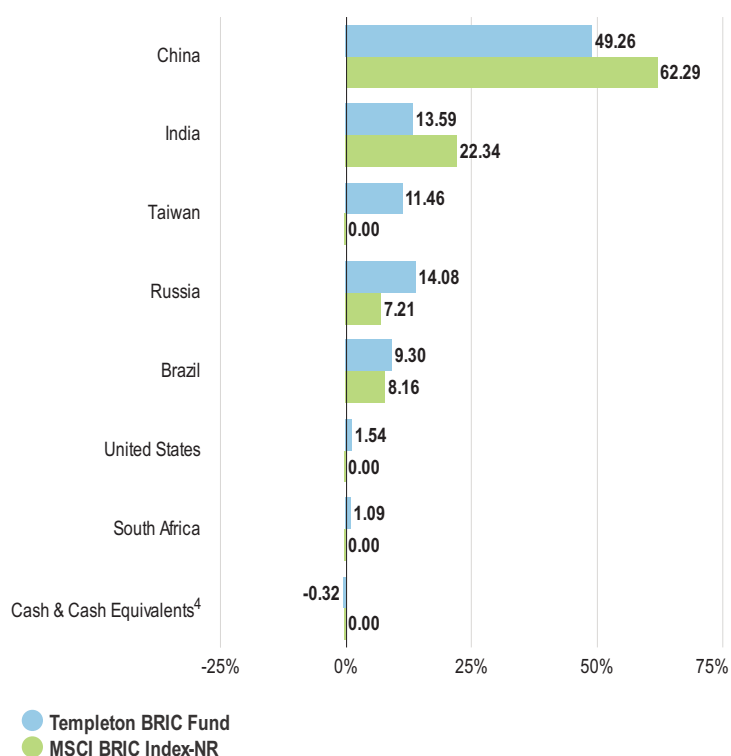
- EMs, including BRIC countries, have seen progress in COVID-19 vaccine rollouts, but challenges such as the recent Chinese regulatory crackdown and further virus outbreaks have caused EM equities to generally underperform developed markets in the year to date. We still see reasons to be optimistic about EMs in the longer term, even as we are mindful of some near-term risks.
- Regulatory changes in China have affected several industries, particularly internet-related stocks. Whilst the changes have elevated market volatility and fears of policy risks in China, we should stress that they do not have a uniform effect on all companies within a given industry. Therefore, it is crucial to assess the policies' impact on the long-term earnings power and intrinsic worth of companies individually.
- COVID-19 and its more infectious variants are another area of concern. We had expected mobility to resume with rising vaccination rates, though that has not necessarily been the case in some countries. Also, whilst commodity prices have been very strong this year, they seem to be topping because of certain policy measures in China, as well as COVID-19's global resurgence. In addition, a rise in freight rates has weighed on margins for many export-oriented companies.
- Nonetheless, we believe that the structural fundamentals for EMs remain attractive, and that EM equities offer good potential for investors. As a whole, debt levels in EMs remain much lower than in developed markets. EM equity valuations also appear cheap relative to those in the developed world. Moreover, EM companies have been generating more free cash flows, which could potentially contribute to upward reratings for EM stocks.

Portfolio Characteristics^{e,f}

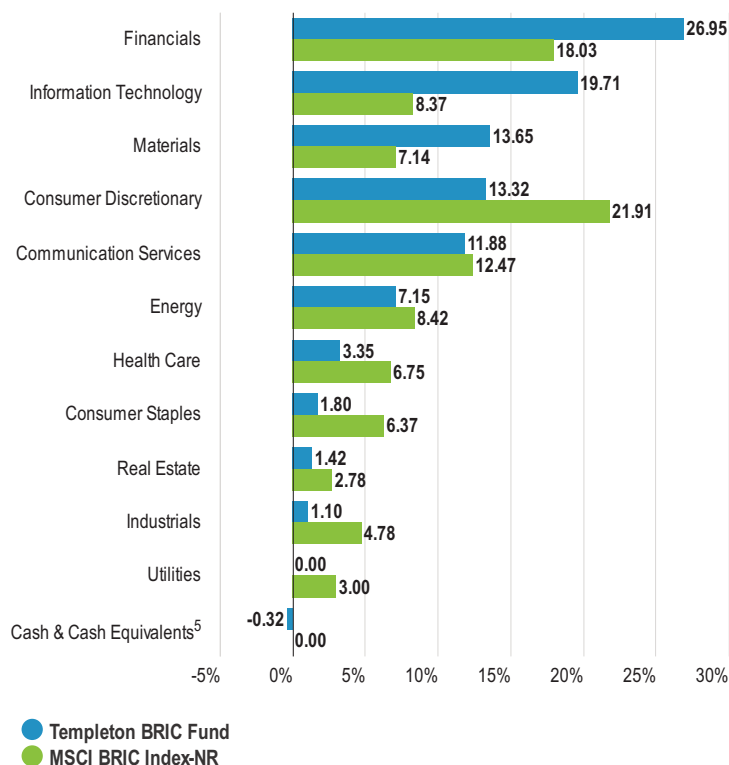
	Portfolio	MSCI BRIC Index-NR
Price to Earnings (12-Month Trailing)	13.23x	13.04x
Price to Book	2.01x	2.01x
Price to Cash Flow	7.71x	9.56x
Market Capitalisation (Millions in USD)	174,953	54,836
Dividend Yield	2.48%	2.05%

Portfolio Diversification

Geographic Weightings vs. MSCI BRIC Index-NR^a
Percent of Total



Sector Weightings vs. MSCI BRIC Index-NR^a
Percent of Total



Top Ten Holdings^a

Percent of Total

Top Holdings	Sector	Country	%
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	Semiconductors & Semiconductor Equipment	Taiwan	9.76
TENCENT HOLDINGS LTD	Media & Entertainment	China	8.62
ALIBABA GROUP HOLDING LTD	Retailing	China	7.22
LUKOIL PJSC	Energy	Russia	6.76
SBERBANK OF RUSSIA PJSC	Banks	Russia	5.82
ICICI BANK LTD	Banks	India	5.45
CHINA MERCHANTS BANK CO LTD	Banks	China	5.11
ACC LTD	Materials	India	3.04
LUYE PHARMA GROUP LTD	Pharmaceuticals, Biotechnology & Life Sciences	China	2.73
GUANGZHOU TINCI MATERIALS TECHNOLOGY CO LTD	Materials	China	2.71

4,5. The negative cash position reflects a temporary position that is a result of a delay in securities settlement transactions.

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Performance Statistics

Risk Statistics⁶

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Templeton BRIC Fund	21.01	18.37	19.34	24.41
MSCI BRIC Index-NR	19.02	17.09	19.16	24.25
Tracking Error (%)	5.40	4.94	4.96	4.81
Information Ratio⁷	0.04	0.22	-0.26	-0.48
Beta	1.07	1.04	0.98	0.99
Sharpe Ratio				
Templeton BRIC Fund	0.37	0.53	0.22	0.17
MSCI BRIC Index-NR	0.39	0.51	0.29	0.27

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Chetan Sehgal, CFA	26	29

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 the BRIC countries. Such 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: emerging markets risk, foreign currency 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.

6. Beta, Information Ratio and Tracking Error information are measured against the MSCI BRIC Index-NR.

7. 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

This document does not constitute legal or tax advice nor is it investment advice or an offer for shares of Franklin Templeton Investment Funds (the "Fund"). Subscriptions to shares of the Fund can only be made on the basis of the current prospectus and, where available, the relevant Key Investor Information Document, accompanied by the latest available audited annual report and the latest semi-annual report accessible on our website www.ftidocuments.com or which can be obtained, free of charge, from Franklin Templeton International Services, S.à r.l. - 8A, rue Albert Borschette, L-1246 Luxembourg. The Fund's documents are available in English, Arabic, Czech, Danish, Dutch, Estonian, Finnish, French, German, Greek, Hungarian, Icelandic, Italian, Latvian, Lithuanian, Norwegian, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish and Swedish. In addition, a Summary of Investor Rights is available from franklintempleton.lu. The summary is available in English. The sub-funds of FTIF are notified for marketing in multiple EU Member States under the UCITS Directive. FTIF can terminate such notifications for any share class and/or sub-fund at any time by using the process contained in Article 93a of the UCITS Directive.

Past performance is not an indicator or a guarantee of future performance. 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. Investment in the Fund entails risks which are described in the Fund's prospectus and, where available, in the relevant Key Investor Information Document or any other relevant offering document. Special risks may be associated with a Fund's investment in certain types of securities, asset classes, sectors, markets, currencies or countries and in the Fund's possible use of derivatives. References to particular industries, sectors or companies are for general information and are not necessarily indicative of a fund's holdings at any one time. Currency fluctuations may affect the value of overseas investments. When investing in a fund denominated in a foreign currency, your performance may also be affected by currency fluctuations. Where a Fund invests in emerging markets, this investment can be more risky than an investment in developed markets. No shares of the Fund may be directly or indirectly offered or sold to residents of the United States of America.

The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the fund's portfolio selection process. Holdings are subject to change.

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.

References to indexes are made for comparative purposes only and are provided to represent the investment environment existing during the time periods shown. The indices include a greater number of securities than those held in the Fund. An index is unmanaged and one cannot invest directly in an index. The performance of the index does not include the deduction of expenses and does not represent the performance of any Franklin Templeton fund. **Past performance is not an indicator or a guarantee of future performance.**

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

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- c. Source for all information is Franklin Templeton. Benchmark related data provided by FactSet. **Past performance is not an indicator or a guarantee of future performance.** Periods greater than one year are shown as average annual total returns. Fund performance data include reinvested dividends, and is net of management fees. Sales charges, other commissions, taxes and other relevant costs to be paid by the investor are not included. The fund offers other share classes subject to different fees and expenses, which will affect their performance. Please see the prospectus for details.
- d. When performance for either the portfolio or its benchmark has been converted, different foreign exchange closing rates may be used between the portfolio and its benchmark.
- e. 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.
- f. 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.**
- g. 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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