

Product Details¹

Fund Assets	\$1,010,951,917.89
Fund Inception Date	28/02/1991
Number of Securities Including Cash	702
Bloomberg	TEMUSGI LX
ISIN	LU0029872446
Base Currency	USD
Investment Style	Government
Benchmark	Bloomberg US Government - Intermediate Index
Morningstar Category™	USD Government Bond

Asset Allocation^a

Percent of Total	%
Fixed Income	97.64
Cash & Cash Equivalents	2.36

Fund Description

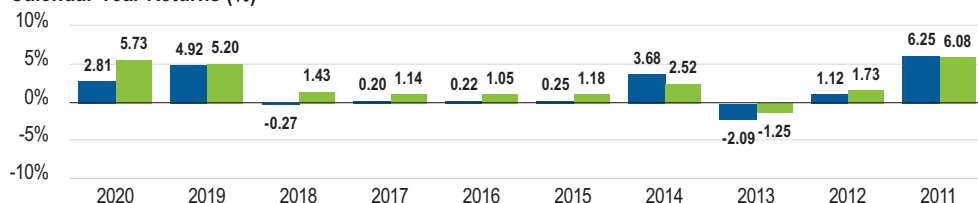
The Fund's investment objective is income and safety of principal. The Fund seeks to achieve its objective by investing in debt obligations issued or guaranteed by the U.S. government and its agencies, including purchasing mortgage- and asset-backed securities.

Performance Data
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 (Mdis) USD	-1.42	2.42	6.15	-1.79	-1.05
Bloomberg US Government - Intermediate Index USD	-1.33	5.98	7.52	-1.18	-0.66

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

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (28/02/1991)
A (Mdis) USD	-0.22	-0.17	-1.73	-1.42	2.34	0.82	1.00	3.48
Bloomberg US Government - Intermediate Index	-0.60	0.00	-1.12	-1.33	3.98	1.99	1.81	4.67

Calendar Year Returns (%)


- A (Mdis) USD
- Bloomberg US Government - Intermediate Index

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

Portfolio Manager Insight
Performance Review
QUARTERLY KEY PERFORMANCE DRIVERS

Category	Key Performance Drivers
HELPED	Security selection in GN I 4.0% through 5.0% coupon securities contributed to relative performance (especially the 5.0% coupon securities), as did security selection in GN II 2.5%, 3.5% and 4.5% coupon securities. Allocation to FNMA MBS securities benefitted results. Underweight allocation to GN II 2.5% coupon securities contributed to performance.
HURT	Underweight allocation to GN I 3.0 and overweight allocation to 5.0% and 5.5% coupon securities detracted from results (especially the 5.0% coupon securities). Security selection in GN II 4.0% and GN I 6.0% coupon securities hindered performance. Underweight allocation to GN II 4.0% coupon securities detracted from results.

1. All holdings are subject to change.

ONE-MONTH KEY PERFORMANCE DRIVERS

HELPED	Underweight allocation to GN II 2.0% and 2.5% coupon securities contributed to performance (especially the 2.0% coupon securities).
	Security selection in GN I 4.5% and 5.0% coupon securities benefitted results.
	Security selection in GN II 5.0% coupon securities contributed to performance.
HURT	Underweight allocation to GN I 3.0% and overweight allocation to 5.5% and 6.5% coupon securities detracted from results.
	Security selection in GN II 3.0% through 4.0% coupon securities hindered performance.
	Overweight allocation to GN II 3.0% coupon securities detracted from results, as did allocation to FNMA MBS securities.

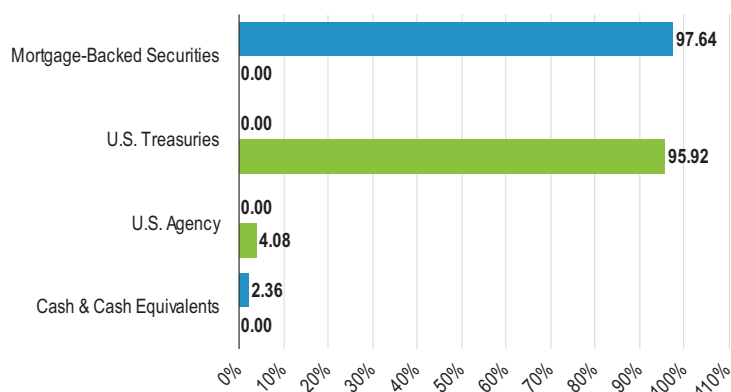
Outlook & Strategy

- Within the MBS sector, Fannie Mae (FNMA) MBS and Freddie Mac (FHLMC) MBS performed the best on a relative basis with eight bps and two bps of excess returns, respectively, whilst Ginnie Mae (GMNA) MBS lagged with negative five bps of excess returns. For the GNMA coupon stack, GN I 3.0% and GN II 4.0% and 4.5% coupons were the best performers, whilst GN I 4.0% through 5.0% performed the worst.
- At period-end, we remained heavily weighted to GNMA II securities (comprised of multiple-issuer pools), with over 80% of allocation in the sector, versus GNMA I securities (comprised of single-issuer pools). The fund's largest absolute allocation remains in GN II 3.0% coupon securities, followed by 3.5% and 2.5% coupons.
- Mortgage rates ended September with the Freddie Mac Primary Mortgage Market Survey (PMMS) ending at 3.01%. At current rates, around 37% of the agency MBS universe has an economic incentive to refinance, compared to 80% in 2020. Refinance applications remained elevated, supporting high prepayments levels, despite tighter primary and secondary spreads.
- We believe prepayment risk is expected to decline over the next quarter, and we expect origination to drop over the winter season. We believe spreads will remain range bound, with seasonal effects offsetting the reduced demand from tapering of purchases by the Fed. However, spreads could start widening post winter as origination begins to pick up. This combined with tapering leads us to remain with a "neutral with reason for concern" outlook.
- In our view, valuations across a wide range of markets are historically high; major central banks play a significant role as price-insensitive buyers in a number of asset classes and are now debating the timing and pace of a change in policy stance. Together with the residual pandemic uncertainty, ongoing supply side disruptions and geopolitical uncertainty, this creates the potential for significant bouts of volatility in asset prices; investors need to be prepared to handle this higher volatility and adjust their portfolios accordingly, where appropriate.

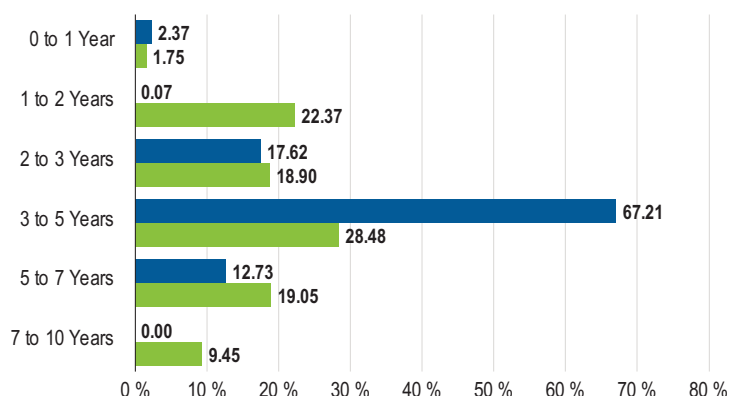
Portfolio Characteristics^{a,d}

	Portfolio	Bloomberg US Government - Intermediate Index
Yield to Maturity	1.74%	0.72%
Yield to Worst	1.74%	0.72%
Average Credit Quality ²	AAA	AAA
Average Duration	3.98 Yrs	3.92 Yrs
Average Weighted Maturity	4.77 Yrs	4.08 Yrs

2. 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, is provided to indicate the average credit rating of the portfolio's underlying bonds and generally ranges from AAA (highest) to D (lowest). The ACQ is determined by assigning a sequential integer to all credit ratings AAA to D, taking a simple, asset-weighted average of debt holdings 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 is provided for informational purposes only. Derivatives are excluded from this breakdown.

Portfolio Diversification^aSector Weightings vs. Bloomberg US Government - Intermediate Index
Percent of Total

● Franklin U.S. Government Fund
● Bloomberg US Government - Intermediate Index

Duration Breakdown vs. Bloomberg US Government - Intermediate Index
Percent of Total

● Franklin U.S. Government Fund
● Bloomberg US Government - Intermediate Index

Performance Statistics

Risk Statistics³

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Franklin U.S. Government Fund	1.90	1.82	1.73	2.77
Bloomberg US Government - Intermediate Index	2.49	2.37	2.15	2.90
Tracking Error (%)	1.33	1.15	1.26	1.65
Information Ratio⁴	-1.24	-1.02	-0.64	-0.72
Sharpe Ratio				
Franklin U.S. Government Fund	0.68	-0.15	0.25	0.37
Bloomberg US Government - Intermediate Index	1.18	0.38	0.57	0.76

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Paul Varunok	20	29
Neil Dhruv	19	19

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 or guaranteed by the U.S. government and its agencies. Such securities have historically proven to present some stability over time and have benefitted from a limited exposure to interest rates or movements in the bond market. As a result, the performance of the Fund can fluctuate to a small degree over time. Other significant risks include: liquidity risk, securitisation 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.

3. Information Ratio and Tracking Error information are displayed for the product versus the Bloomberg US Government - Intermediate Index.

4. 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.

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.

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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a. All holdings are subject to change.

b. 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.

c. 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.

d. 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.**



Franklin Templeton International Services, S.à r.l.
8A, rue Albert Borschette
L-1246 Luxembourg
franklintempleton.lu

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