

Fund Manager Report

Product Details¹

Fund Assets	\$331,163,926.09
Fund Inception Date	14/10/2008
Number of Issuers	50
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	99.22
Cash & Cash Equivalents	0.78
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}

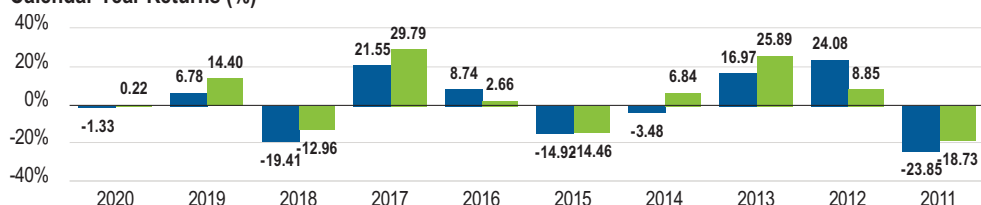
Discrete Annual Performance (%) as at 30/09/2021

	9/20-9/21	9/19-9/20	9/18-9/19	9/17-9/18	9/16-9/17
A (acc) USD	36.91	-11.70	-2.46	-14.50	24.78
Linked MSCI Frontier Emerging Markets Select Countries Capped Index- NR USD	27.80	-8.43	3.40	-3.71	23.02

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

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (14/10/2008)
A (acc) USD	0.33	3.13	18.91	36.91	5.64	4.70	4.46	5.92
Linked MSCI Frontier Emerging Markets Select Countries Capped Index- NR	-0.15	3.41	10.13	27.80	6.56	7.47	6.05	2.29

Calendar Year Returns (%)



● A (acc) USD

● Linked MSCI Frontier Emerging Markets Select Countries Capped Index-NR

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

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.

Portfolio Manager Insight

Performance Review

QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Converge Information & Communications Technology Solutions Inc	Real Estate (Stock Selection, Underweight)	Philippines (Stock Selection)
	Arabian Internet and Communications Services Company	Communication Services (Stock Selection)	Saudi Arabia (Off-benchmark Exposure)
	Wilcon Depot, Inc.	Consumer Discretionary (Stock Selection)	Mexico (Stock Selection)
HURT	Military Commercial Joint Stock Bank	Financials (Stock Selection)	Kuwait (Stock Selection)
	Fawry For Banking Technology And Electronic Payment	Energy (Underweight)	Egypt (Stock Selection)
	Vietnam Technological & Commercial Joint Stock Bank	Health Care (Stock Selection)	Vietnam (Overweight)

- In Vietnam, shares of Military Commercial Joint Stock Bank (MBB) and Vietnam Technological & Commercial Joint Stock Bank (TCB) declined. A fresh COVID-19 wave in the country led to strict mobility restrictions that hindered economic activity and clouded the outlook for the banking industry.
- MBB and TCB are amongst the leading banks in Vietnam, and we view them as well-run lenders that are likely to withstand the pandemic. We see scope for them to grow in the longer term alongside Vietnam's economic development, which should support credit penetration.
- Conversely, Wilcon Depot's stock rallied. The Philippines-based home improvement and construction supplies retailer posted a surge in its quarterly earnings. The country's plan to shift from large-scale COVID-19 lockdowns to targeted restrictions also lifted the stock. We expect Wilcon to benefit from the economy's reopening in the near term, and from growing urbanisation in the longer term.

ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Converge Information & Communications Technology Solutions Inc	Information Technology (Stock Selection)	Philippines (Stock Selection)
	Arabian Internet and Communications Services Company	Communication Services (Stock Selection)	Vietnam (Stock Selection, Overweight)
	Globant SA	Real Estate (Stock Selection)	Saudi Arabia (Off-benchmark Exposure)
HURT	Fawry For Banking Technology And Electronic Payment	Financials (Stock Selection)	Egypt (Overweight)
	Ternium S.A. Sponsored ADR	Energy (Underweight)	Kazakhstan (Stock Selection)
	Aramex (P.J.S.C)	Materials (Stock Selection)	United Arab Emirates (Off-benchmark Exposure)

- Shares of Converge Information & Communications Technology Solutions in the Philippines soared. The fixed broadband provider's inclusion in a global small-cap index added to the stock's momentum after the company posted sharply higher quarterly earnings in the previous month. We believe Converge has a long runway of growth in the Philippines' underpenetrated fixed broadband market.
- We participated in the initial public offering (IPO) of Arabian Internet and Communications Services Company, which closed higher on the stock market. The company is a leading provider of information and communications technology services in Saudi Arabia, and we believe it is a potential beneficiary of the government's push for digitalisation across the country.
- However, shares of Fawry For Banking Technology And Electronic Payment fell. The Egyptian e-payment company reported strong quarterly revenue growth that was overshadowed by concerns over stake sales by its key investors. Relative valuation comparisons arising from a state-owned e-payment company's upcoming IPO also weighed on Fawry's stock. We still see significant room for Fawry to grow in Egypt's underserved e-payment market.

Outlook & Strategy

- COVID-19 has continued to dominate headlines globally. Nonetheless, frontier markets have achieved progress in COVID-19 vaccine rollouts, and we believe most of them are on the path to economic normalisation. Prices of commodities—a key export for several frontier economies—have mostly remained strong despite pullbacks from recent highs. These factors have helped frontier market equities outperform emerging market stocks in the year to date.
- Rising inflationary pressures have brought forward market expectations of US monetary policy tightening, which drove US Treasury yields and the US dollar higher in the quarter. A stronger dollar is potentially negative for markets with macroeconomic vulnerabilities. Looking at frontier markets as a whole, we believe that their fundamentals have broadly improved in recent decades on the back of structural reforms, and we expect most of them to stay resilient in the face of various uncertainties.
- In our view, local consumption is likely to remain a key economic driver across frontier markets, which should underpin prospects for a wide range of companies in industries such as retail and medical services. Meanwhile, COVID-19 has accelerated digital transformation across industries. We think that this could create business opportunities for innovative companies and spur the region's economic growth.
- The fund has exposure to the digitalisation trend through holdings such as technology service providers, telecommunications companies and financial technology adopters. We are also invested in banks that could benefit from consumer credit growth, and retailers riding on increasing product penetration and "premiumisation". Defining our investment approach is a focus on companies with sustainable earnings power, trading at discounts to our assessment of their intrinsic worth.

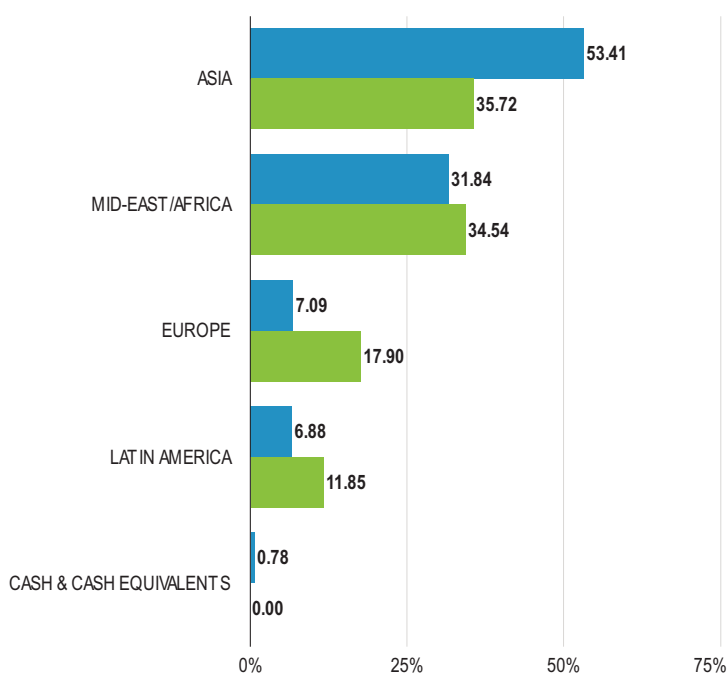
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Portfolio Characteristics^{c,d}

	Portfolio	MSCI Frontier Emerging Markets Select Countries Capped Index-NR
Price to Earnings (12-Month Trailing)	14.59x	15.91x
Price to Book	2.30x	1.97x
Price to Cash Flow	10.75x	9.18x
Market Capitalisation (Millions in USD)	5,926	8,193
Dividend Yield	1.67%	2.46%

Portfolio Diversification
Geographic Weightings vs. MSCI Frontier Emerging Markets Select Countries Capped Index-NR^e

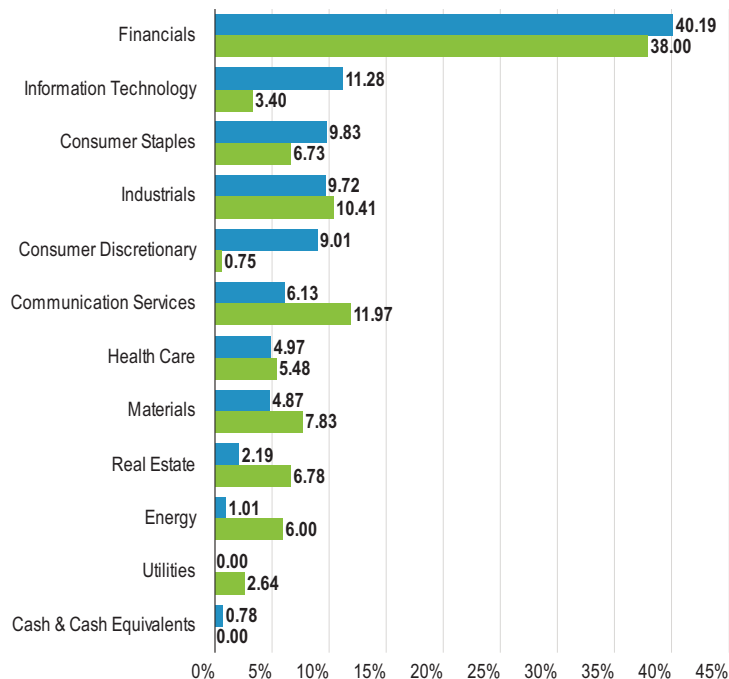
Percent of Total



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

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

Percent of Total



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

Top Ten Holdings^f

Percent of Total

Top Holdings	Sector	Country	%
FPT CORP	Software & Services	Vietnam	5.02
VIETNAM TECHNOLOGICAL & COMMERCIAL JOINT STOCK BANK	Banks	Vietnam	4.71
MILITARY COMMERCIAL JOINT STOCK BANK	Banks	Vietnam	4.12
HOA PHAT GROUP JSC	Materials	Vietnam	3.92
CONVERGE INFORMATION AND COMMUNICATIONS TECHNOLOGY SOLUTIONS	Media & Entertainment	Philippines	3.39
ARABIAN INTERNET AND COMMUNICATIONS SERVICES CO	Software & Services	Saudi Arabia	2.92
WILCON DEPOT INC	Retailing	Philippines	2.81
KASPI.KZ JSC	Diversified Financials	Kazakhstan	2.76
SAFARICOM PLC	Telecommunication Services	Kenya	2.74
HALYK SAVINGS BANK OF KAZAKHSTAN JSC	Banks	Kazakhstan	2.65

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Performance Statistics

Risk Statistics⁵

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Templeton Frontier Markets Fund	19.72	16.53	14.55	16.20
Linked MSCI Frontier Emerging Markets Select Countries Capped Index-NR	17.84	15.25	13.45	16.52
Tracking Error (%)	5.06	5.92	6.33	8.03
Information Ratio⁶	-0.18	-0.47	-0.25	0.23
Beta	1.07	1.01	0.98	0.86
Sharpe Ratio				
Templeton Frontier Markets Fund	0.23	0.22	0.27	0.32
Linked MSCI Frontier Emerging Markets Select Countries Capped Index-NR	0.31	0.42	0.41	0.20

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Bassel Khatoun	14	19
Ahmed Awny, CFA	14	23

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

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.

a. 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.

b. 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.

c. 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.

d. 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.**

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

f. 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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