

Fund Manager Report

Product Details¹

Fund Assets	\$441,788,844.41
Fund Inception Date	25/10/2005
Number of Issuers	70
Bloomberg	FMGDAAC LX
Base Currency	USD
Investment Style	Deep Value
Benchmark	MSCI World Index
Morningstar Category™	Global Large-Cap Value Equity

Asset Allocation²

Percent of Total	%
Equity	92.71
Cash & Cash Equivalents	5.76
Fixed Income	1.53

Fund Description

The Fund aims to achieve capital appreciation by investing primarily in equity securities of companies of any nation that the investment manager believes are available at market prices less than their intrinsic value. The Fund primarily invests in mid and large-cap companies with a market capitalisation around or greater than 1.5 billion US dollars. To a lesser extent, the Fund may also invest in distressed securities and merger arbitrage situations.

Performance Data

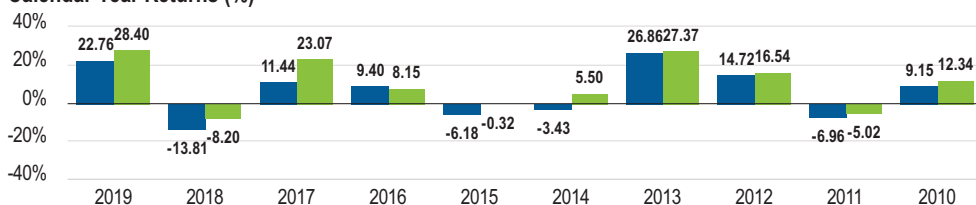
Discrete Annual Performance (%) as at 31/05/2020

	5/19-5/20	5/18-5/19	5/17-5/18	5/16-5/17	5/15-5/16
A (acc) USD	-12.53	-5.27	1.19	16.40	-10.22
MSCI World Index USD	7.37	0.27	12.18	17.09	-3.39

Performance Net of Management Fees as at 31/05/2020 (Dividends Reinvested) (%)^{3,4}

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (25/10/2005)
A (acc) USD	2.34	-11.38	-23.41	-12.53	-5.70	-2.61	3.66	3.36
MSCI World Index	4.90	1.08	-7.95	7.37	6.49	6.44	9.89	6.89

Calendar Year Returns (%)



- A (acc) USD
- MSCI World Index

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

Portfolio Manager Insight

Performance Review

ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Charter Communications, Inc. Class A	Communication Services	United States
	Walt Disney Company	Energy	Germany
	ING Groep NV	Health Care	Netherlands
HURT	China Pacific Insurance (Group) Co., Ltd. Class H	—	China
	Cognizant Technology Solutions Corporation Class A	—	—
	Wells Fargo & Company	—	—

- Shares of Charter Communication continued to rally off the March market bottom, rising steadily in May after the company reported financial results characterized by a net subscriber increase and reduced customer service costs. Management reported subscriber additions that were well ahead of consensus expectations. Also, the percentage of self-installed cable connections increased to 90% from 55% as coronavirus social distancing measure restricted installation by a company employee. The cost of a self-installation is one-third that of a professional, and the potential savings to the company is significant.

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

- Disney's shares rebounded from low levels in late March as investors responded positively to the gradual reopening of the company's theme park related assets. During the period, management initiated a phased reopening of a shopping center/restaurant complex at Disney World in Florida as part of a broader plan to reopen that park. Earlier, Shanghai Disneyland reopened at less-than-full capacity following a three-month shutdown. Fiscal second-quarter earnings declined significantly, and management suspended the July semiannual dividend (about \$1.6 billion) to preserve cash. Disney+, the company's proprietary streaming service that launched in 2019, continued to perform well, adding a significant number of subscribers in India in its first month of operation.
- Investors shed Cognizant's stock after the professional services company reported a decline in first-quarter profit as disruptions stemming from the coronavirus lockdown cut into revenue. A ransomware attack on the company's internal systems late in the period also contributed to the disappointing results. Despite the setback, management reported an improved deal-win rate – up 30% year-over-year, the best since 2017 – indicating that initiatives implemented since CEO Brian Humphries appointment in 2019 are leading to improvements.

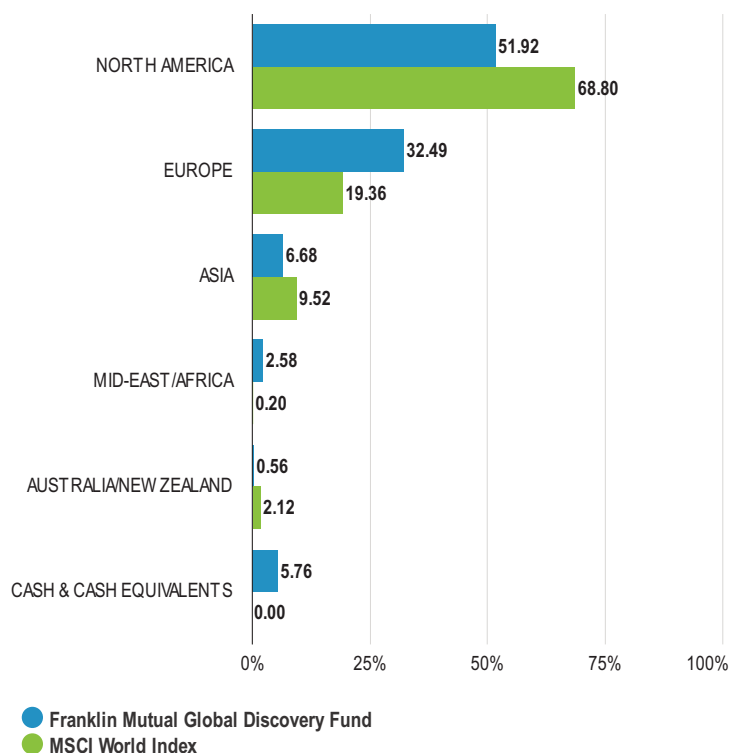
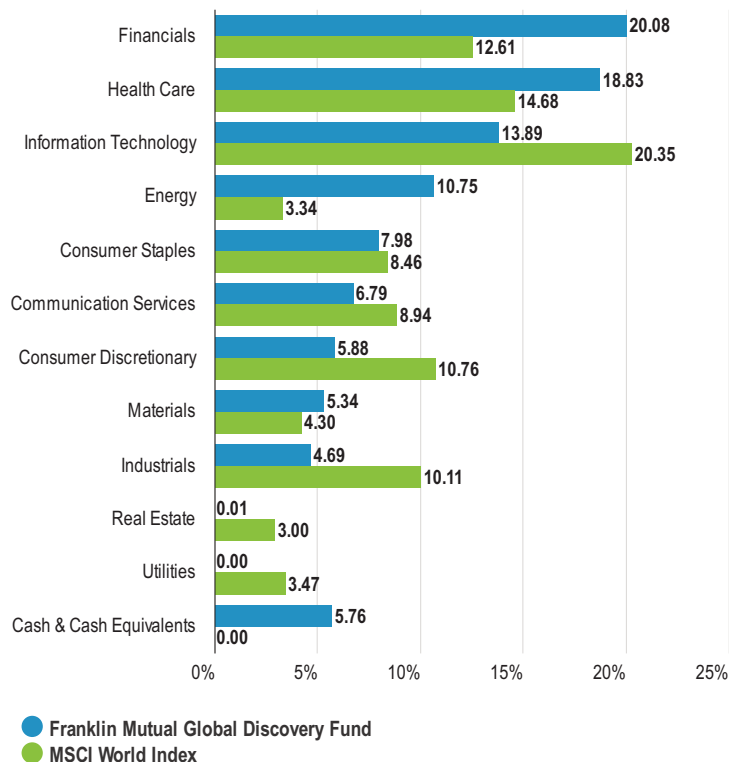
Outlook & Strategy

- The global economy is in the throes of a sharp economic downturn. According to the International Monetary Fund, global gross domestic product (GDP) is expected to decline by 3% in 2020. By comparison, global GDP declined 0.6% during the Global Financial Crisis in 2009. In response, policymakers have unveiled substantial fiscal and monetary stimulus packages, with the United States being the most aggressive. Late in the period, the European Union announced a proposed \$750 billion-euro stimulus plan that, in part, proposes financial burden sharing among member states.
- Amid the economic uncertainty, several countries took steps to ease lockdown restrictions and encourage economic activity. Italy and Greece opened some tourist sites with social distancing measures in place to reduce crowds. There was also nascent evidence that the economic crisis may have reached an inflection point. In the United States, new unemployment insurance claims declined for the eighth consecutive week, and continuing claims – workers who first filed for unemployment in earlier weeks and remain out of work—fell unexpectedly, according to a US Labor Department report. Consumer confidence also ticked up slightly, according to two separate sentiment measures.
- The end of May marked the close of the first-quarter financial reporting season. For many companies, the earnings effect of the shutdown was limited to the last few weeks of the period. Most management teams withdrew subsequent quarter and full-year 2020 guidance, due to limited revenue visibility. Second period financial results will provide a more complete view into the pandemic's impact on corporate income statements, but investors are rightly focused more on the outlook as economies reopen
- During the month, all sectors posted positive gains, led by technology. Materials and industrials continued their rebound, while energy cooled following a torrid April. Growth continued to outperform value, but signals of a possible rotation emerged late in the month. Bank stocks have begun to recover, as have retailers and other businesses directly impacted by shutdowns. Recent price appreciation suggests that investors are beginning to price in a recovery, however, there remains a significant gap between current and fully recovered valuations.
- The economic implications of the global pandemic are complex and uncertain. Many health officials are forecasting a second wave in the fall, due to insufficient testing and contact tracing capacity and a premature reopening of the economy. Re-emerging geopolitical tension between the United States and China, and US civil unrest over policing of minority communities, are potential headwinds. We remain cautious amid these elevated risks and are focused on identifying opportunities that often emerge during turbulent periods. While volatility is, at times, unnerving, it's important to remember that it is inherent to investing in risk assets, and the market historically rewards investors who take a long-term perspective.

Portfolio Characteristics^{5,6}

	Portfolio	MSCI World Index
Price to Earnings (12-Month Trailing)	12.66x	19.25x
Price to Book	1.09x	2.38x
Price to Cash Flow	5.31x	11.79x
Market Capitalisation (Millions in USD)	84,222	210,909
Dividend Yield	4.05%	2.25%

Portfolio Diversification

Geographic Weightings vs. MSCI World Index²
Percent of TotalSector Weightings vs. MSCI World Index²
Percent of TotalTop Ten Holdings⁷

Percent of Total

Top Holdings	Sector	%
GLAXOSMITHKLINE PLC	Pharmaceuticals, Biotechnology & Life Sciences	3.58
NOVARTIS AG	Pharmaceuticals, Biotechnology & Life Sciences	3.18
MEDTRONIC PLC	Health Care Equipment & Services	3.14
BRITISH AMERICAN TOBACCO PLC	Food, Beverage & Tobacco	3.01
SAMSUNG ELECTRONICS CO LTD	Technology Hardware & Equipment	2.89
MERCK & CO INC	Pharmaceuticals, Biotechnology & Life Sciences	2.72
CHARTER COMMUNICATIONS INC	Media & Entertainment	2.63
CHECK POINT SOFTWARE TECHNOLOGIES LTD	Software & Services	2.58
CVS HEALTH CORP	Health Care Equipment & Services	2.56
VOLKSWAGEN AG	Automobiles & Components	2.49

Supplemental Performance Statistics

Supplemental Risk Statistics⁸

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Franklin Mutual Global Discovery Fund	18.29	16.22	15.16	14.09
MSCI World Index	15.98	14.35	13.84	15.61
Tracking Error (%)	5.65	4.97	4.28	6.36
Information Ratio⁹	-2.16	-1.82	-1.46	-0.55
Beta	1.09	1.08	1.05	0.82
Sharpe Ratio				
Franklin Mutual Global Discovery Fund	-0.40	-0.23	0.20	0.15
MSCI World Index	0.30	0.37	0.67	0.36

8. Beta, Information Ratio and Tracking Error information are measured against the MSCI World Index.

9. 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).

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Investment Team

Portfolio Manager	Years with Firm	Years Experience
Peter Langerman	30	34
Tim Rankin, CFA	17	28
Christian Correa, CFA	16	18
	Number of Members	Average Years Experience
Franklin Mutual Series	37	21

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 mid- and large-capitalisation companies worldwide. 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 considerably over time. Other significant risks include: currency risk, derivatives 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.

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.ftdocuments.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.

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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2. Information is historical and may not reflect current or future portfolio characteristics. Percentage may not equal 100% due to rounding. All holdings are subject to change.
3. 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.
4. 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.
5. 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. Information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change.
6. 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.**
7. 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.



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

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