

Product Details¹

Fund Assets	€129,677,498.87
Fund Inception Date	29/08/2003
Number of Securities Including Cash	65
Bloomberg	TGBEFAD LX
ISIN	LU0170474935
Base Currency	EUR
Investment Style	Unconstrained
Benchmark	JP Morgan Global Government Bond (Hedged into EUR) Index
Morningstar Category™	Global Flexible Bond - EUR Hedged

Asset Allocation²

Market Value—Percent of Total

	%
Fixed Income	85.08
Cash & Cash Equivalents	14.92

Fund Description

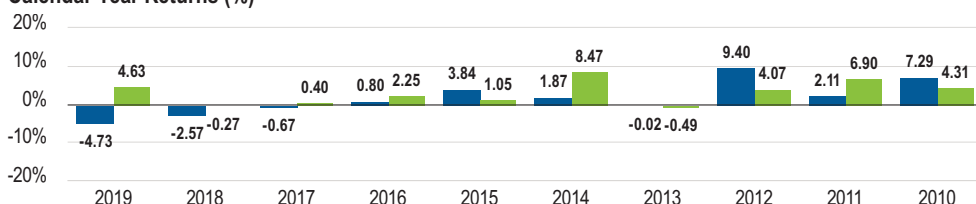
The Fund aims to maximise total investment return consisting of a combination of interest income, capital appreciation and currency gains by investing principally in a portfolio of fixed or floating rate debt securities and debt obligations issued by government or government-related issuers worldwide. Under normal market conditions, the Fund aims to maintain a net exposure of at least 85% to the Euro.

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 (Ydis) EUR	-8.40	-4.92	-0.57	1.88	2.64
JP Morgan Global Government Bond (Hedged into EUR) Index	5.96	3.69	-0.98	-1.00	4.32

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 (29/08/2003)
A (Ydis) EUR	0.26	-3.97	-6.07	-8.40	-4.68	-1.96	0.49	1.90
JP Morgan Global Government Bond (Hedged into EUR) Index	-0.22	0.74	4.49	5.96	2.85	2.36	3.22	3.76

Calendar Year Returns (%)


- A (Ydis) EUR
- JP Morgan Global Government Bond (Hedged into EUR) Index

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

Portfolio Manager Insight
Performance Review
ONE-MONTH KEY PERFORMANCE DRIVERS

	Currencies	Duration	Credit
HELPED	—	Colombia	—
	—	Indonesia	—
	—	South Korea	—
HURT	Latin America	Ghana	—
	Asia ex Japan	—	—
	—	—	—

1. All holdings are subject to change.

- Sovereign bond yields declined across much of Asia and the Americas but shifted in varying directions across Europe. Select duration exposures in Latin America (Colombia) and Asia ex Japan (Indonesia and South Korea) contributed to absolute fund performance, while select duration exposures in Africa (Ghana) detracted. We held select duration exposures in countries with relatively higher yields and that have varying degrees of economic resilience to external shocks, in our assessment.
- The US dollar broadly weakened against a number of developed and emerging market currencies in May, with some notable exceptions. Currency positions in Latin America and Asia ex Japan detracted from absolute fund results.

Outlook & Strategy

- We think it is still too early to pursue additional risk as the world is still in the first phase of the economic repercussions. The recent rallies across risk assets reflect an underappreciation of the risks for a second wave of infections and a second leg down in financial markets, in our view. We're currently focusing on specific perceived safe-haven investments, while emphasising a select set of higher-yielding emerging markets that have relatively resilient domestic economies. We're aiming to derive alpha from different sources than the low-to-negative yielding developed fixed income markets, which have limited upside potential left as yields grind to historic lows.
- Our aim is to position our strategies to be uncorrelated to vulnerable asset classes while delivering high income and defending capital. We are also emphasising elevated levels of cash and short-term US Treasuries to be able to quickly pursue opportunities as they arise. We employed a similar playbook during the 2008 global financial crisis (GFC), as we built a defensive stance heading into the peak of the crisis and then shifted to an opportunistic pursuit of price distortions in the early phases of the eventual recovery.
- Some areas of the markets appear to be expecting a V-shaped recovery, as we had after the GFC—that's possible, but not probable in our view. We are expecting a more gradual recovery, with the potential for multiple stages of relief rallies and corrections before a sustainable recovery takes hold. There are still unknowns over how long the pandemic will last and whether there will be relapses after economies reopen.
- It also remains unclear how governments will pay for the massive relief programmes underway, as existing fiscal deficits deepen throughout the world. Unorthodox policies such as modern monetary theory and debt monetisation are likely to see greater political interest. There is a strong likelihood of significant structural changes to the global economy and everyday life around the world. All of these concerns will shape financial markets in the post-COVID-19 era.
- Adding to the complexity of the current crisis is the precarious state of the world that existed before the COVID-19 pandemic. Escalating geopolitical risks, trade tensions, political polarisations, unrestrained deficit spending in the developed world, perpetually low rates in the major economies and over-levered credit sectors created an environment that was highly vulnerable to an economic or a financial market shock. We had been concerned about those risks for several quarters and accordingly repositioned our strategies in 2019 by adding perceived safe-haven investments and adjusting the risk sizing of various emerging market exposures. While we were not explicitly anticipating the COVID-19 crisis or the recent collapse in oil prices, we were concerned that these types of unknown triggers could push a fragile system over the brink.
- We currently remain cautious on the broad outlook for emerging markets as a whole, but we see risk-adjusted value in specific countries. It remains crucial to be selective. Countries that were in stronger fundamental shape before the crisis generally have better prospects to endure the substantial economic headwinds. Domestically oriented economies have comparatively better prospects than externally dependent economies, given the collapse in global aggregate demand. The opportunities in emerging markets remain highly idiosyncratic, as some countries have inherent resiliencies while others are highly vulnerable to external and internal shocks. We continue to monitor conditions and expect that the impacts of the COVID-19 pandemic could persist for several months, potentially pushing out the timeline for when certain investment opportunities may become suitable.

Portfolio Characteristics^{5,6,7}

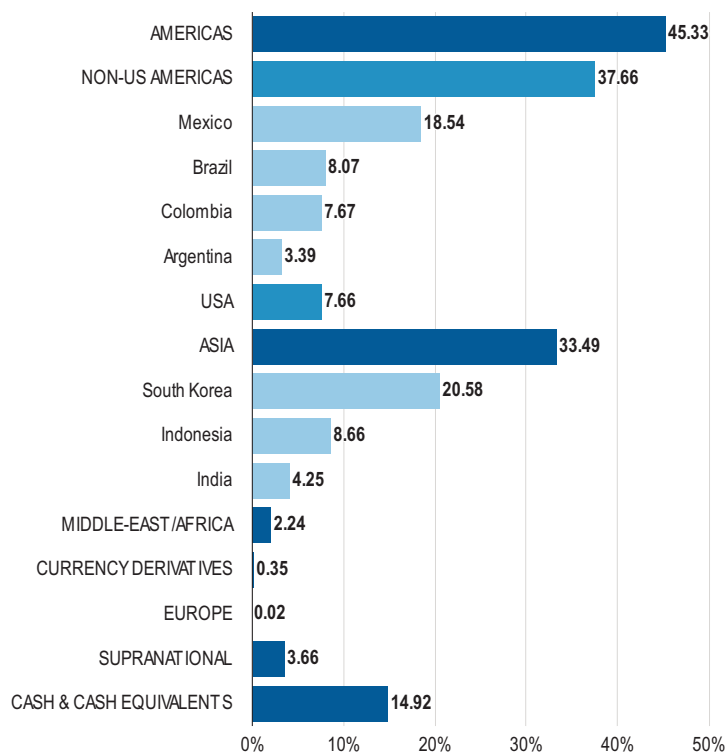
	Portfolio	JP Morgan Global Government Bond (Hedged into EUR) Index
Yield to Maturity	1.29%	0.34%
Yield to Worst	1.29%	0.35%
Average Duration	2.08 Yrs	8.77 Yrs
Average Credit Quality ⁸	A	AA
Average Weighted Maturity	2.60 Yrs	10.53 Yrs

8. 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 (or internal ratings for unrated bonds, cash and equivalents), is provided to indicate the average credit rating of the portfolio's underlying investments and generally ranges from AAA (highest) to D (lowest). For unrated bonds, cash and equivalents, ratings may be assigned based on the ratings of the issuer, the ratings of the underlying holdings of a pooled investment vehicle, or other relevant factors. The ACQ is determined by assigning a sequential integer to all credit ratings AAA to D, taking a simple, asset-weighted average of investments 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 may be lower if cash and equivalents are excluded from the calculation. The ACQ is provided for informational purposes only. Derivative positions are not reflected in the ACQ.

Portfolio Diversification⁶

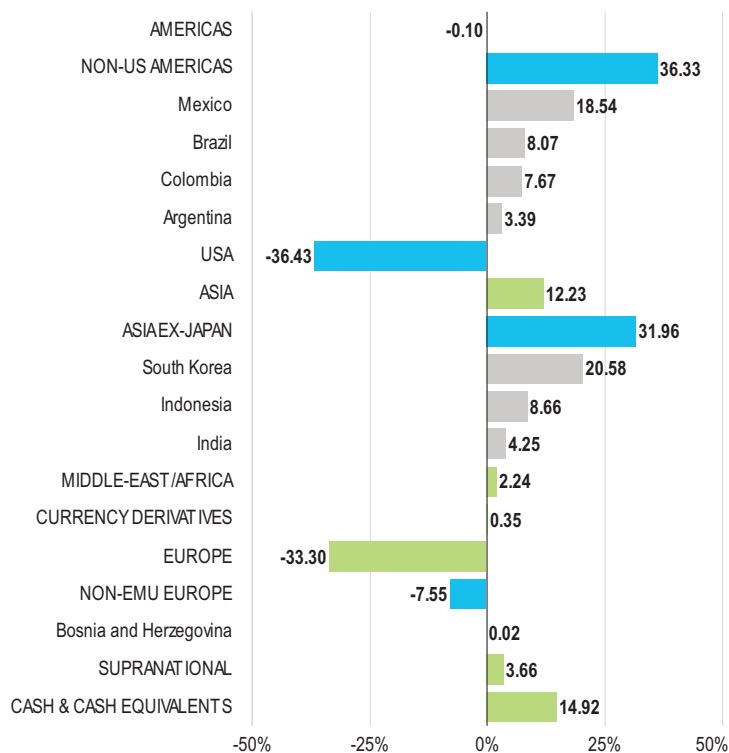
Geographic Allocation²

Market Value—Percent of Total



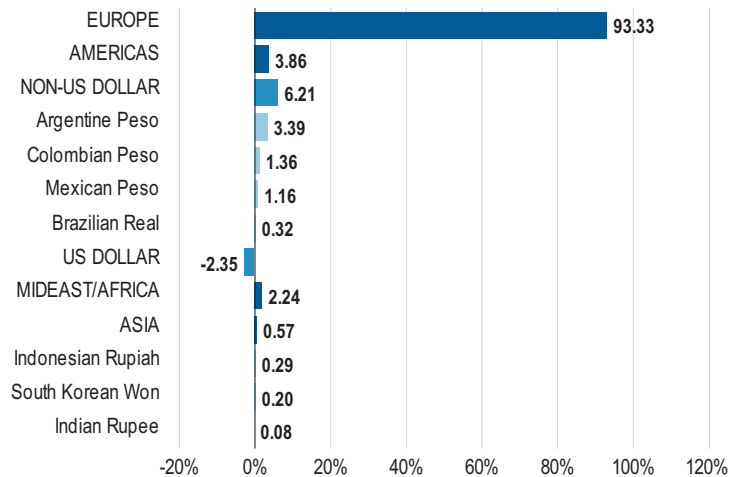
Geographic Allocation vs. JP Morgan Global Government Bond (Hedged into EUR) Index²

Market Value—Percent of Total



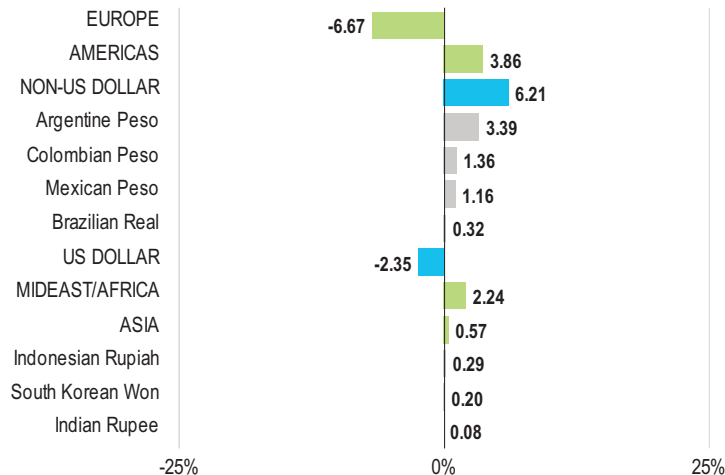
Currency Exposure⁹

Notional Exposure—Percent of Total



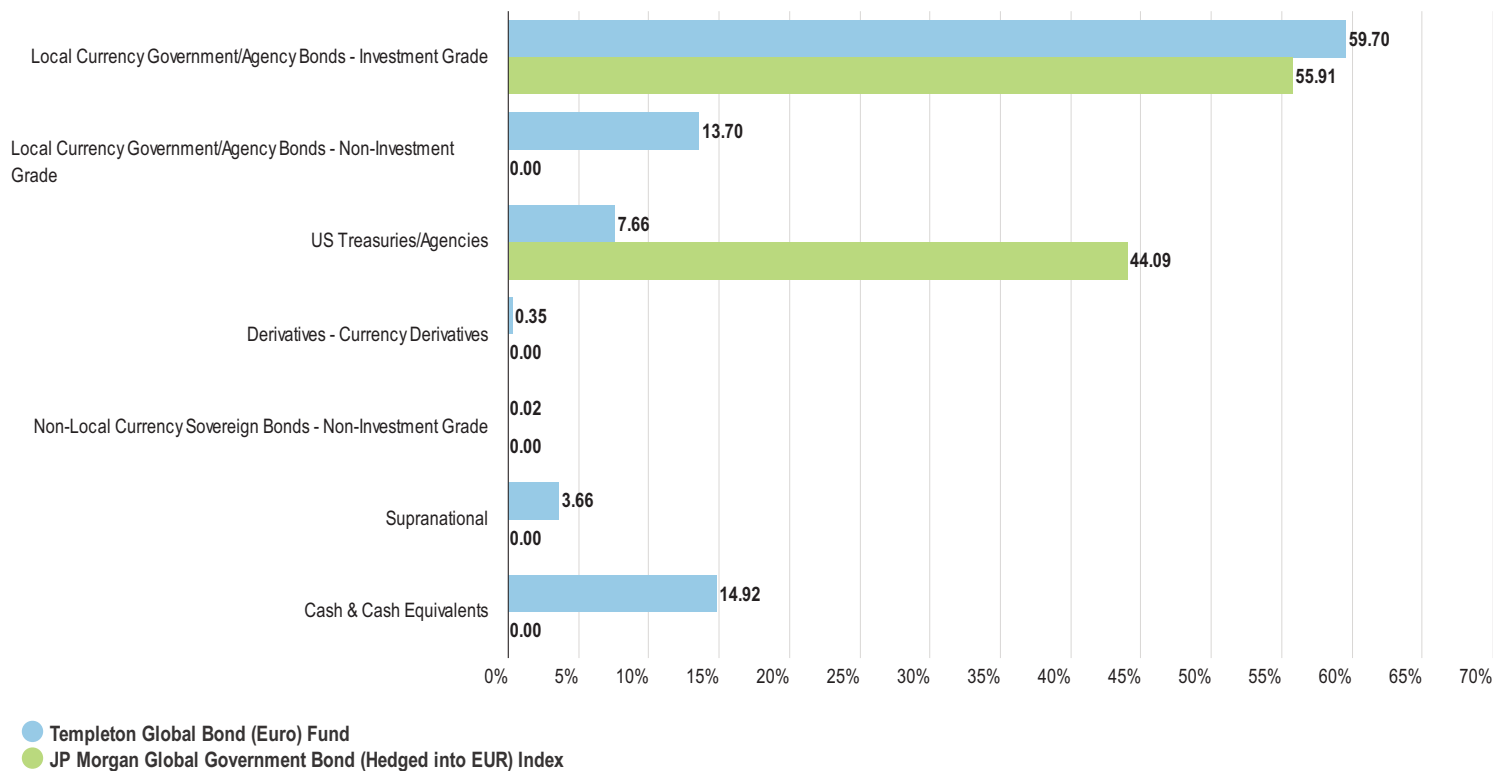
Currency Exposure vs. JP Morgan Global Government Bond (Hedged into EUR) Index⁹

Notional Exposure—Percent of Total



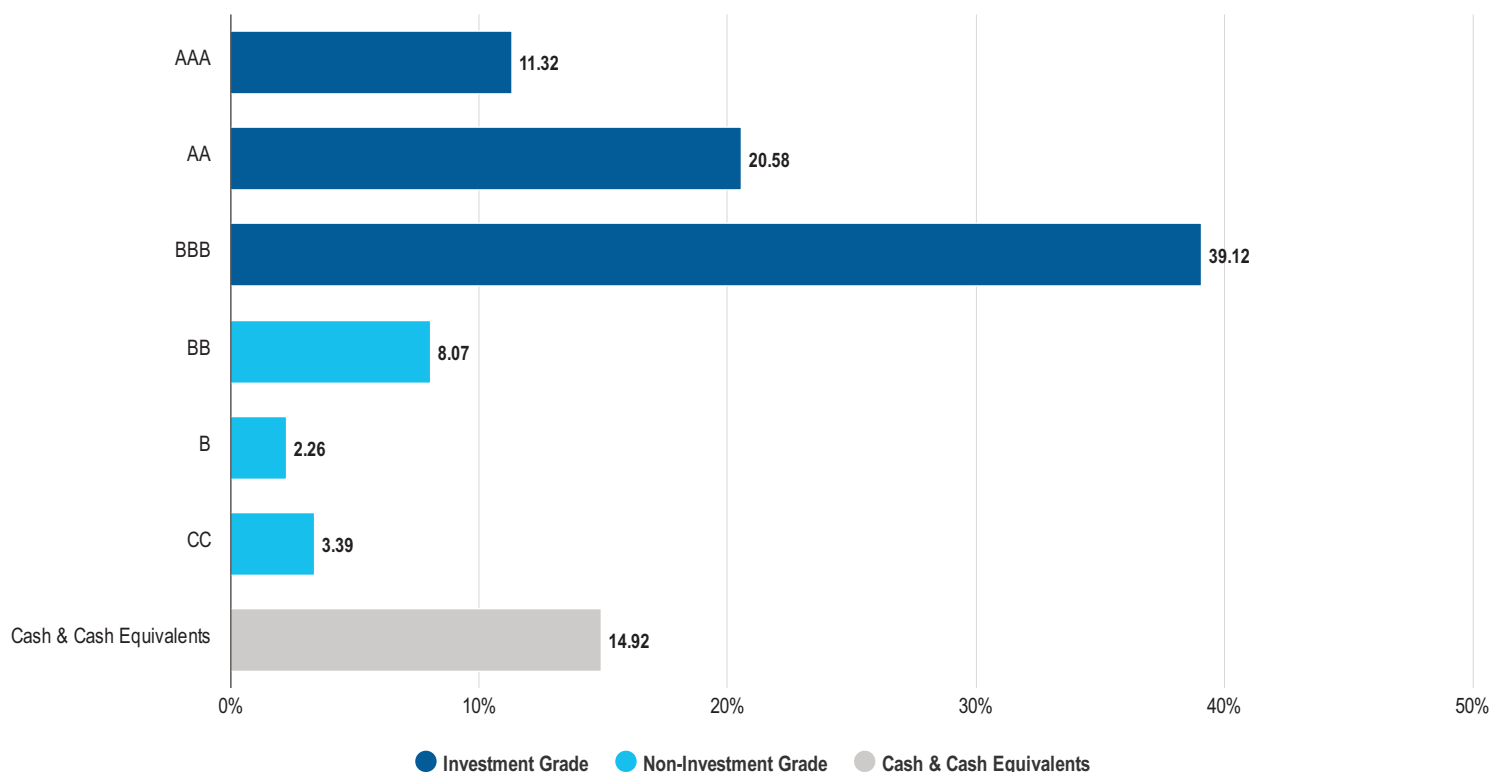
Sector Allocation vs. JP Morgan Global Government Bond (Hedged into EUR) Index²

Market Value—Percent of Total



Credit Quality Allocation^{2,10}

Market Value—Percent of Total



10. Ratings shown are assigned by one or more Nationally Recognized Statistical Rating Organizations ('NRSRO'), such as Standard & Poor's, Moody's and Fitch. The ratings are an indication of an issuer's creditworthiness and typically range from AAA or Aaa (highest) to D (lowest). When ratings from all three agencies are available, the middle rating is used; when two are available, the lowest rating is used; and when only one is available, that rating is used. Foreign government bonds without a specific rating are assigned the country rating provided by an NRSRO, if available. The NR category consists of ratable securities that have not been rated by an NRSRO. The N/A category consists of nonratable securities (e.g., equities). Cash includes equivalents, which may be rated.

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Supplemental Performance Statistics

Supplemental Risk Statistics¹¹

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Templeton Global Bond (Euro) Fund	5.69	4.83	4.00	4.60
JP Morgan Global Government Bond (Hedged into EUR) Index	3.22	3.33	3.17	3.12
Tracking Error (%)	7.95	6.87	5.50	5.29
Information Ratio¹²	-0.95	-0.63	-0.50	-0.35
Sharpe Ratio				
Templeton Global Bond (Euro) Fund	-0.71	-0.28	0.18	0.23
JP Morgan Global Government Bond (Hedged into EUR) Index	1.08	0.90	1.08	0.94

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Michael Hasenstab, Ph. D.	21	25
Calvin Ho, Ph. D.	14	15

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 by government or government-related entities in any country and in derivatives. Such securities and derivatives have historically been subject to price movements, generally due to interest rates, foreign exchange rates or movements in the bond market. As a result, the performance of the Fund can fluctuate moderately over time. Other significant risks include: credit risk, currency risk, derivatives risk, liquidity risk, emerging markets 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.

11. Information Ratio and Tracking Error information are displayed for the product versus the JP Morgan Global Government Bond (Hedged into EUR) Index.

12. 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.

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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2. Market value figures reflect the trading value of the investments. Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.

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. Yield to Maturity, Yield to Worst, Average Duration and Average Weighted Maturity reflect certain derivatives held in portfolio (or their underlying reference assets).

6. Information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change.

7. 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.**

9. Notional exposure figures are intended to estimate the portfolio's exposure, including any hedged or increased exposure through certain derivatives held in the portfolio (or their underlying reference assets). Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.



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