

Product Details¹

Fund Assets	€1,372,962,110.78
Fund Inception Date	29/08/2003
Number of Securities Including Cash	127
Bloomberg	TEMTRAD LX
ISIN	LU0170473531
Base Currency	EUR
Investment Style	Multi-Sector
Benchmark	Bloomberg Euro Aggregate Index
Morningstar Category™	EUR Diversified Bond

Asset Allocation

Market Value—Percent of Total	%
Fixed Income	95.79
Cash & Cash Equivalents	4.21

Overall Morningstar Rating™ a

Fund Description

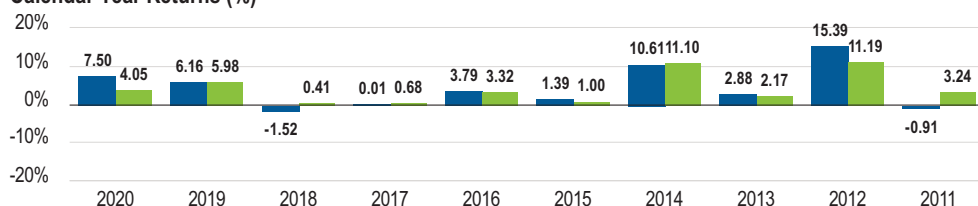
The fund aims to maximise total investment return consisting of a combination of interest income, capital appreciation and currency gains by investing in a portfolio of fixed and floating rate debt securities and debt obligations of governments, government-related or corporate issuers in Europe and in euro-denominated securities of non-European issuers.

Performance Data
Discrete Annual Performance (%) as at 31/08/2021

	8/20-8/21	8/19-8/20	8/18-8/19	8/17-8/18	8/16-8/17
A (Mdis) EUR	2.36	0.46	9.30	-3.00	-0.40
Bloomberg Euro Aggregate Index EUR	1.03	-1.09	9.66	-0.03	-1.78

Performance Net of Management Fees as at 31/08/2021 (Dividends Reinvested) (%)^{b,c}

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (29/08/2003)
A (Mdis) EUR	-0.03	1.06	-2.03	2.36	3.97	1.66	4.20	2.89
Bloomberg Euro Aggregate Index	-0.47	1.48	-1.22	1.03	3.10	1.48	3.83	3.95

Calendar Year Returns (%)


- A (Mdis) EUR
- Bloomberg Euro Aggregate Index

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

Portfolio Manager Insight
Performance Review
ONE-MONTH KEY PERFORMANCE DRIVERS

	Selection & Allocation	Duration	Currencies	Non-Eurozone Market Exposure
HELPED	Eurozone corporate high-yield financial bonds overweight	Eurozone underweight	Norwegian krone overweight	—
	Eurozone corporate high-yield industrial bonds overweight	—	—	—
	Hungarian government bonds overweight	—	—	—
HURT	—	Denmark overweight	—	—
	—	—	—	—
	—	—	—	—

- The fund's duration and yield-curve positioning contributed to relative returns, particularly an underweight duration stance on eurozone bonds, as rates rose.
- The fund's sector allocation also bolstered relative results, most of all non-benchmark exposures to eurozone corporate high-yield financial and industrial issues.
- In contrast, the fund's local market allocation weighed slightly on relative performance.

1. All holdings are subject to change.

Outlook & Strategy

- The European economic backdrop continues to improve, although we are concerned about the sustainability of the pace of the recovery.
- The ECB has remained committed to its very accommodative stance, but there are growing concerns about how long the central bank can maintain such levels of support.
- As growth and inflation pick up, we believe it makes sense to think about removing some accommodation. In our view, this does not necessarily mean bond yields will rise considerably, but peripheral bond spreads could widen.

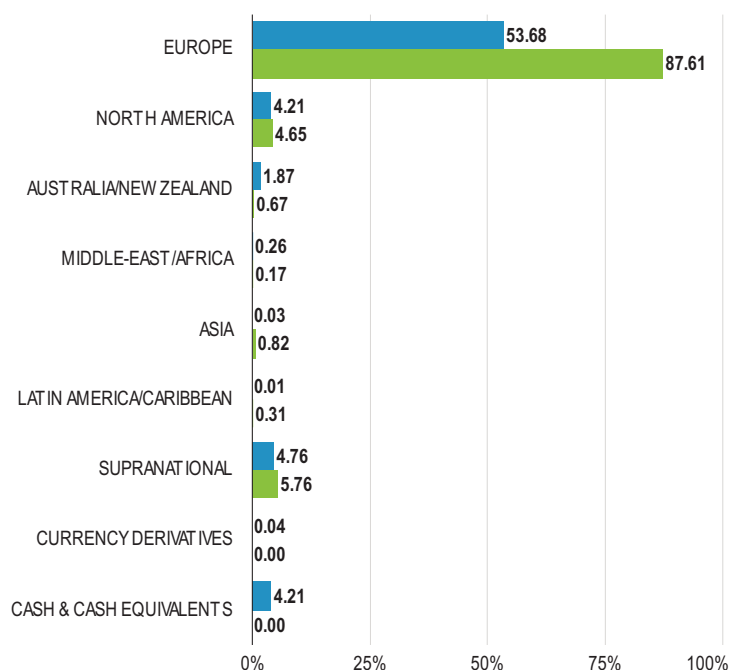
Portfolio Characteristics^{d,2}

	Portfolio	Bloomberg Euro Aggregate Index
Yield to Maturity	0.71%	-0.03%
Yield to Worst	0.52%	-0.04%
Average Credit Quality ^{3,4}	A	A+
Average Duration	4.80 Yrs	7.73 Yrs
Average Weighted Maturity	7.83 Yrs	8.73 Yrs

Portfolio Diversification

Geographic Exposure vs. Bloomberg Euro Aggregate Index^e

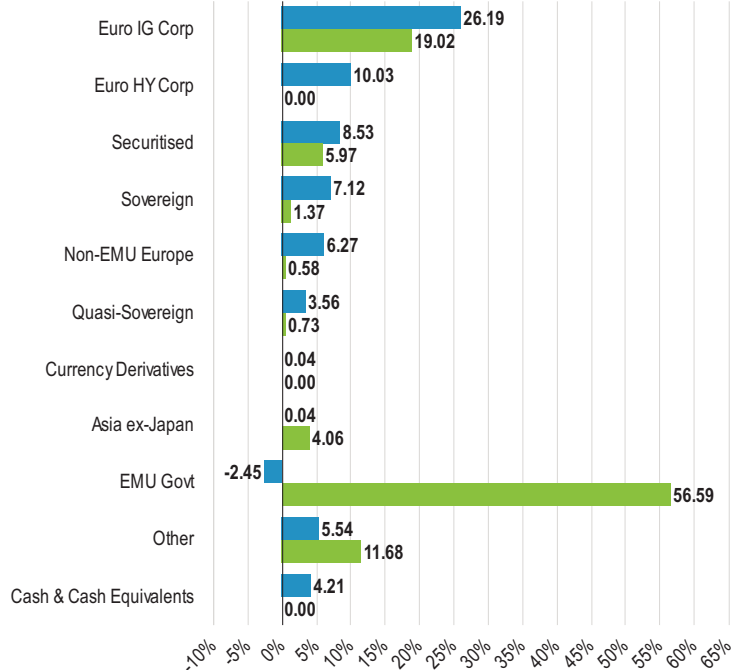
Notional Exposure—Percent of Total



● Franklin European Total Return Fund
● Bloomberg Euro Aggregate Index

Sector Exposure vs. Bloomberg Euro Aggregate Index^e

Notional Exposure—Percent of Total



● Franklin European Total Return Fund
● Bloomberg Euro Aggregate Index

2. 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.**

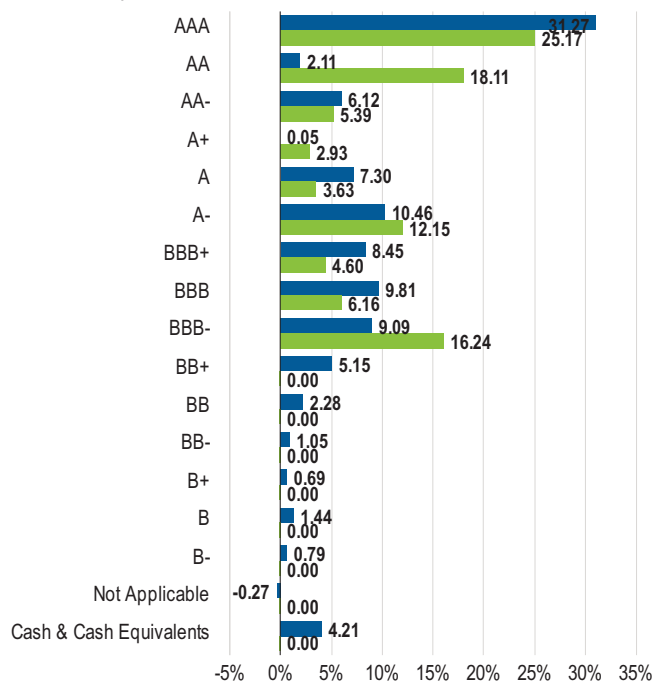
3. The average credit quality (ACQ) rating may change over time. The portfolio itself has not been rated by an independent rating agency. The letter rating, which may be based on bond ratings from different agencies (or internal ratings for unrated bonds, cash and equivalents), is provided to indicate 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.

4. Average Credit Quality figures are intended to estimate the portfolio's exposure to issuer credit risk, including any hedged or increased exposure through credit derivatives held in the portfolio (or their underlying reference assets). Any credit derivatives are assigned the ratings of their underlying reference assets.

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Credit Quality Exposure vs. Bloomberg Euro Aggregate Index⁵

Notional Exposure—Percent of Total



● Franklin European Total Return Fund
 ● Bloomberg Euro Aggregate Index

Performance Statistics**Risk Statistics⁶**

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Franklin European Total Return Fund	4.62	3.90	4.36	5.14
Bloomberg Euro Aggregate Index	3.69	3.34	3.56	3.37
Tracking Error (%)	2.41	2.19	2.71	4.24
Information Ratio⁷	0.36	0.08	0.14	-0.25
Beta	1.07	0.97	0.96	0.91
Sharpe Ratio				
Franklin European Total Return Fund	1.00	0.60	1.05	0.42
Bloomberg Euro Aggregate Index	1.01	0.64	1.18	0.96

Investment Team

Portfolio Manager	Years with Firm	Years Experience
David Zahn, CFA	15	27
Rod MacPhee, CFA	8	14
John Beck	31	34
Sonal Desai, Ph. D.	11	27

5. Notional exposure figures are intended to estimate the portfolio's exposure to issuer credit risk, including any hedged or increased exposure through credit derivatives held in the portfolio (or their underlying reference assets). Any credit derivatives are assigned the ratings of 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.

6. Beta, Information Ratio and Tracking Error information are measured against the Bloomberg Euro Aggregate Index.

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).

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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 European higher-quality debt securities issued by any type of entity. Such securities have historically been subject to price movements, generally due to interest rates or movements in the bond market. As a result, the performance of the Fund can fluctuate moderately over time. The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital. Other significant risks include: credit risk, foreign currency risk, derivatives instruments 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.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.

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

e. 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.



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