

Product Details¹

| | |
|-----------------------|--|
| Fund Assets | \$1,622,180,128.43 |
| Fund Inception Date | 24/02/2012 |
| Number of Issuers | 84 |
| Bloomberg | FGCSAAU LX |
| ISIN | LU0727122425 |
| Base Currency | USD |
| Investment Style | Convertibles |
| Benchmark | Refinitiv Global Focus Convertible Index |
| Morningstar Category™ | Convertible Bond - Global |

Asset Allocation^a

| Percent of Total | % |
|-------------------------|-------|
| Convertibles | 96.75 |
| Cash & Cash Equivalents | 2.57 |
| Equity | 0.68 |

Overall Morningstar Rating™^b

Fund Description

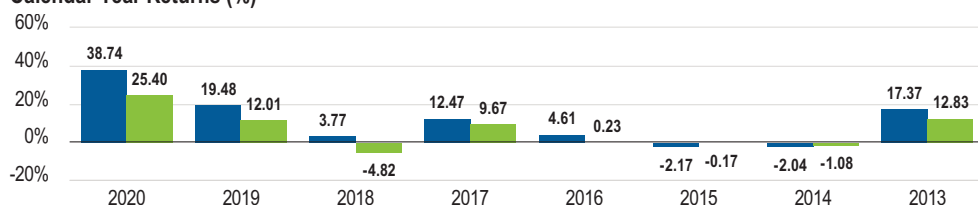
The fund seeks to maximise total return, consistent with prudent investment management, by seeking to optimise capital appreciation and current income under varying market conditions. The fund invests primarily in convertible securities (including low-rated, non-investment grade securities and unrated securities) of corporate issuers globally. The fund may also invest in other securities, such as common or preferred stocks and non-convertible debt securities (including low-rated, non-investment grade securities and unrated 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 (acc) USD | 17.77 | 28.26 | 3.52 | 13.34 | 10.22 |
| Refinitiv Global Focus Convertible Index USD | 10.78 | 18.08 | 0.81 | 0.51 | 6.15 |

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

| | 1 Mth | 3 Mths | YTD | 1 Yr | 3 Yrs | 5 Yrs | Since Inception (24/02/2012) |
|--|-------|--------|-------|-------|-------|-------|------------------------------|
| A (acc) USD | -2.49 | -0.93 | 3.11 | 17.77 | 16.07 | 14.33 | 9.32 |
| Refinitiv Global Focus Convertible Index | -2.04 | -2.80 | -1.25 | 10.78 | 9.66 | 7.07 | 5.52 |

Calendar Year Returns (%)


- A (acc) USD
- Refinitiv Global Focus Convertible Index

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

Portfolio Manager Insight
Performance Review
QUARTERLY KEY PERFORMANCE DRIVERS

| | Securities | Sectors |
|---------------|-------------------|-----------------------------|
| HELPED | Bill.com Holdings | Health Care |
| | Avantor | Information Technology (IT) |
| | Danaher | Financials |
| HURT | Wix.com | Consumer Discretionary |
| | Zalando | Communication Services |
| | Zendesk | Materials |

- In absolute terms, five out of 11 sector allocations had a positive impact during the summer quarter. The impact from health care and IT holdings was significant as these portfolio exposures, when combined, averaged just over 44% of total net assets. Their gains, however,

1. 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.

narrowed in scope on a quarter-over-quarter basis as software companies provided most of the gains in IT, while solid rallies for technology-focused health care equipment and life sciences tools/services companies more than covered the losses in other industries such as pharmaceuticals and biotechnology. Amongst the key individual software contributors were Bill.com Holdings (automated payables and receivables platform), HubSpot (marketing and customer service gateway), Workiva (cloud platform that unifies connected data and automation in business reporting across finance, accounting, risk, and compliance), and Palo Alto Networks (cloud-based cybersecurity). Elsewhere in the portfolio, Avantor (chemical and material input supplier to health and technology companies), Danaher (medical research and diagnostics specialist), and DexCom (glucose monitoring systems) stood out in the health care sector, while Singapore-based gaming, e-commerce and fintech conglomerate Sea Limited extended its prolonged multi-quarter uptrend in the communication services sector.

- Cloud-based “intelligent” bill/invoice management system provider Bill.com was a standout, particularly in July and August (while its nearly-flat result September return was better than most other IT holdings). Bill.com offers businesses a uniquely streamlined, timesaving fintech product powered by an artificial intelligence (AI) / machine learning programme that can anticipate customer needs through automation. The company’s equity value grew by more than one-third as it reported impressive second-quarter results with upgraded guidance for the rest of 2021. Additionally, more analysts and investors have grown enthusiastic about the Bill.com’s potential as it consolidates its position in what could be a US\$40 billion addressable global market opportunity.
- Nearly all allocations contained at least a few detractors as the breadth of the overall market’s advance narrowed. Within IT, the overall gain was trimmed by declines in Wix.com, Zendesk, Coupa Software and seven others. Wix.com, a drag-and-drop website-building platform that helps individuals and small businesses build their online presences, posted solid second-quarter earnings but investors still sold off the stock in the wake of the report. Wix exceeded expectations on most key business metrics as it continued to attract, retain and up-sell users, but disappointed some investors by lowering its full-year 2021 guidance (in terms of both revenues and free cash flow). Wix is currently spending heavily to expand operations and fortify its long-term vision (it aims to be the primary online platform for all users and businesses). Despite the near-term uncertainty its customer growth trajectory looks promising—Wix added about 10 million users during the second quarter and, with the added support of high user retention rates, now has over 210 million total users.

ONE-MONTH KEY PERFORMANCE DRIVERS

| | Securities | Sectors |
|--------|-------------------|-----------------------------|
| HELPED | Bill.com Holdings | Information Technology (IT) |
| | HubSpot | Health Care |
| | Workday | Communication Services |
| HURT | Wix.com | Industrials |
| | Lyft | — |
| | Aptiv | — |

- The portfolio’s IT holdings, which increased to nearly 30% of total net assets in August, were the primary area of strength as they provided roughly half of the overall return (in absolute terms). Application software holdings such as Bill.com, HubSpot, and Workday posted impressive double-digit returns and led a wide range of other IT holdings higher. For the second month in a row, cloud-based “intelligent” bill/invoice management system provider Bill.com was a standout contributor. Bill.com offers businesses a uniquely streamlined, timesaving fintech product powered by an artificial intelligence (AI) / machine learning programme that can anticipate customer needs through automation. The company’s equity value grew by nearly one-third in August after it reported impressive second-quarter results with upgraded guidance for the rest of 2021. Additionally, more analysts and investors have grown enthusiastic about the company’s potential as it consolidates its position in what could be a US\$40 billion addressable global market opportunity.
- Most of the fund’s holdings in the communication services sector traded higher during the month, none more so than Sea Limited. This Singapore-based internet and mobile platform company specialises in online gaming services through its digital entertainment division, though it has also been making headway with its e-commerce and digital financial services segments. In particular, Sea manages a third-party marketplace through the Shopee mobile app and websites that connect buyers and sellers. These services have seen a notable rise in adoption by consumers as the company expands into more countries. Sea reported a stellar set of earnings for its fiscal 2021 second quarter, continuing its impressive growth streak.
- Although we saw widespread gains across eight out of 11 sector allocations (while financials and consumer staples holdings had almost no impact on performance), all allocations contained at least one detractor. Within IT, the overall gain was trimmed by declines in Wix.com, Zendesk, Q2 Holdings and six others. Wix.com, a drag-and-drop website-building platform which helps individuals and small businesses build their online presences, posted solid second-quarter earnings but investors still sold off the stock in the wake of the report. Wix exceeded expectations on most key business metrics as it continued to attract, retain and up-sell users, but disappointed some investors by lowering its full-year 2021 guidance (in terms of both revenues and free cash flow). Wix is currently spending heavily to expand operations and fortify its long-term vision (it aims to be the primary online platform for all users and businesses). Despite the near-term uncertainty its customer growth trajectory looks promising—Wix added about 10 million users during the second quarter and, with the added support of high user retention rates, now has over 210 million total.

Outlook & Strategy

- Convertibles performance has been up and down since March, but we believe conditions remained broadly favourable for the asset class. Additionally, corporations may be facing higher taxes—a headwind for profits—particularly in the United States. Despite the recent volatility, the asset class was still up year to date, supported by the strength of underlying equities.
- With broader lifting of COVID-19 restrictions visible on the horizon, we are cautiously embracing positive changes as we appear to be on the cusp of further economic revival backed by trillions of dollars of fiscal stimulus, ultra-low interest rates and the ongoing release of pent-up consumer demand. But as employment and economic growth hold the potential to speed up post-crisis, inflation expectations are also running hotter while the “reopening and recovery” narrative was being challenged by a surge in the highly contagious COVID-19 Delta variant.
- The ongoing 2021 debate over inflation is centred on how much further it might rise, and whether it might imperil the economic recovery. The longer-term direction of interest rates was another area of concern as most investors anticipate an eventual, more convincing rise from a historically low base. We note that convertible securities have performed relatively well in past rising-rate markets because they have low

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interest-rate sensitivity compared with other, traditional fixed-income asset classes. Focusing on the medium-term growth outlook, we think inflation is unlikely to become problematic. However, a potential longer-term reflationary environment may not be easy for investors to navigate, highlighting the benefits of active and nimble asset management within the convertible bond market.

- The composition of the convertibles market continues to broaden due to a robust new-issue market, with more value, small-cap and “reopening” issuers participating throughout the summer months. A number of companies with more in-the-money convertibles issued new “balanced” convertibles in exchange for their older ones. We were able to participate in many of these deals, which allowed us to keep exposure to companies in which we have a favourable view while still maintaining a balanced profile in the portfolio mix.
- A considerable portion of the portfolio’s convertible-bond issuers are higher-growth IT companies (comprising 29.9% of total net assets as at end-August) as well as tech-focused consumer discretionary and communication services companies. However, we have been selectively reducing some of these holdings over the past year as the performance of many of them caused their convertibles to become too equity sensitive. Therefore, we sold them and redeployed the assets into more balanced convertibles. Many of these businesses reported significant growth in 2020 and the first half of 2021 as social distancing and employees’ work-from-home efforts have accelerated a more long-lasting global “digital transformation” theme that we believe will be playing out for years to come.
- As the pandemic’s intensity fades, we believe many cyclical companies will increasingly seek to raise capital to support their business revivals as economic conditions normalise.
- Often called “balanced” convertibles, those with deltas (a measure of their equity sensitivity) near the middle of the range from 0.0 to 1.0 can participate more with an issuer’s equity upside than they do with the downside. These are the types of convertibles we prefer, as we feel this is the most appealing aspect of the asset class.
- In all environments, but especially in periods of high volatility, we believe convertibles continue to offer a way to invest in growth-oriented stocks while keeping risk at manageable levels. We continue to believe the ability to adapt to myriad market conditions makes convertibles an attractive vehicle for increasing a portfolio’s level of diversification.

Portfolio Characteristics^e

| | Portfolio | Refinitiv Global Focus Convertible Index |
|---|-----------|--|
| Market Capitalisation (Millions in USD) | 40,326 | 35,698 |
| Delta | 56.39% | 43.47% |
| Gamma | -0.15% | 0.53% |
| Premium | 28.04% | - |

Portfolio Diversification

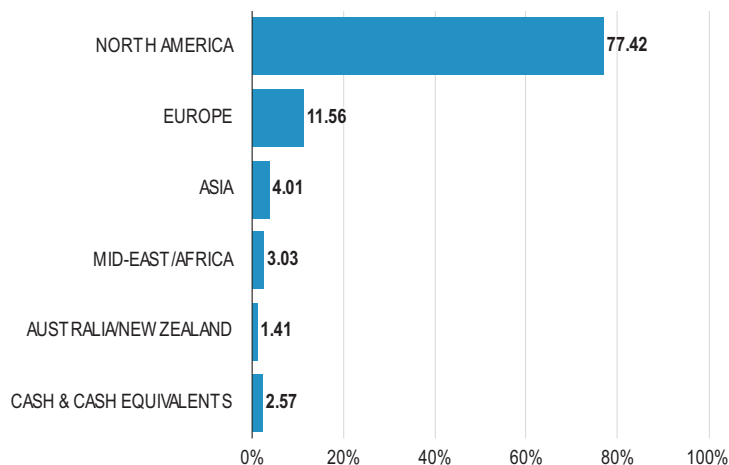
Top Ten Holdings^f

Percent of Total

| Top Holdings | % |
|----------------------------|------|
| SQUARE INC | 2.06 |
| CHARTER COMMUNICATIONS INC | 2.01 |
| ADIDAS AG | 1.94 |
| ETSY INC | 1.94 |
| CELLNEX TELECOM SA | 1.89 |
| ZALANDO SE | 1.85 |
| AVANTOR INC | 1.85 |
| UMICORE SA | 1.84 |
| PINDUODUO INC | 1.81 |
| DELIVERY HERO SE | 1.80 |

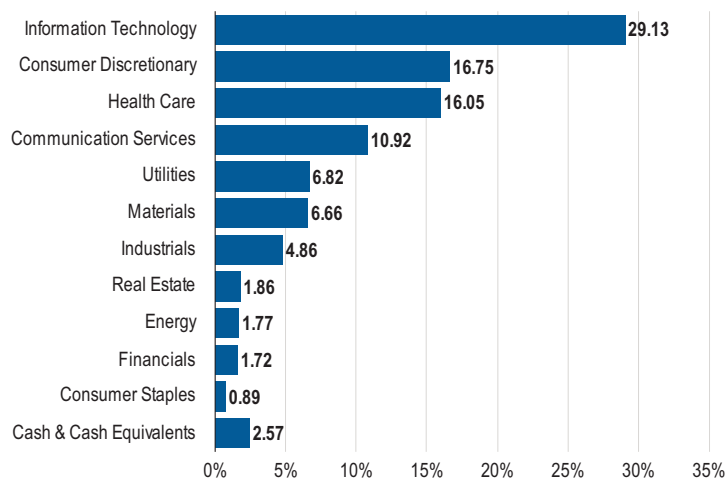
Geographic Allocation^a

Percent of Total

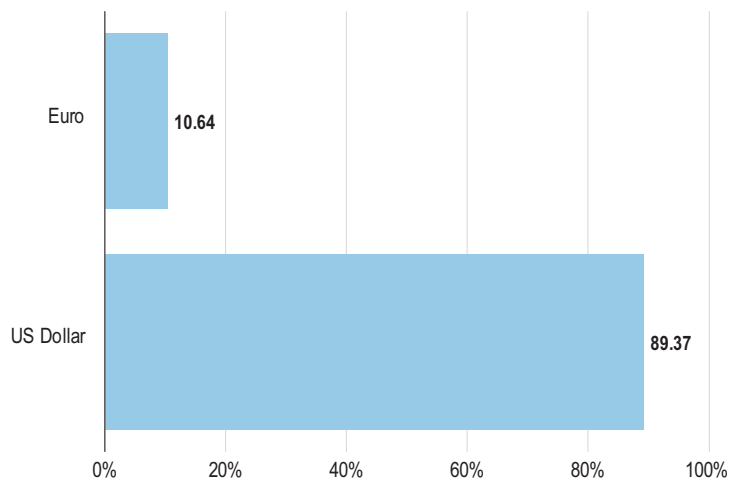


Sector Allocation^a

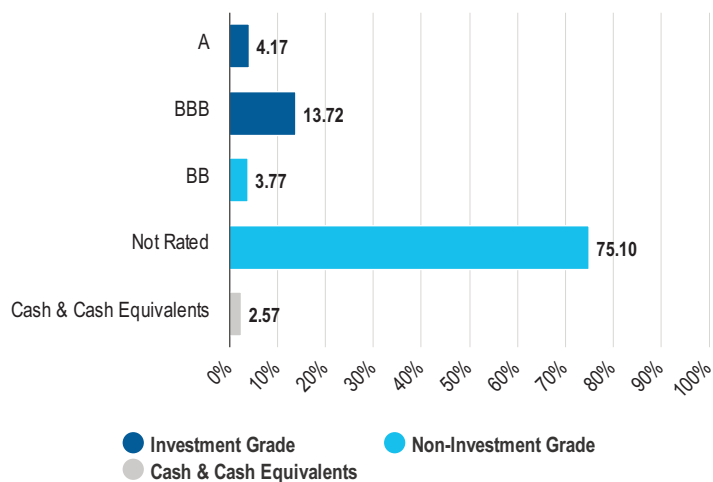
Percent of Total

**Currency Allocation^a**

Percent of Total

**Quality Allocation**

Percent of Total

**Performance Statistics****Risk Statistics²**

| | 3 Yrs | 5 Yrs | Since Inception |
|---|-------|-------|-----------------|
| Standard Deviation (%) | | | |
| Franklin Global Convertible Securities Fund | 14.57 | 11.87 | 10.37 |
| Refinitiv Global Focus Convertible Index | 10.78 | 8.87 | 7.98 |
| Tracking Error (%) | 5.37 | 4.74 | 4.39 |
| Information Ratio³ | 1.19 | 1.53 | 0.87 |
| Beta | 1.29 | 1.25 | 1.19 |
| Sharpe Ratio | | | |
| Franklin Global Convertible Securities Fund | 1.03 | 1.12 | 0.84 |
| Refinitiv Global Focus Convertible Index | 0.80 | 0.68 | 0.62 |

Investment Team

| Portfolio Manager | Years with Firm | Years Experience |
|--------------------|-----------------|------------------|
| Alan Muschott, CFA | 23 | 23 |
| Eric Webster, CFA | 9 | 9 |

2. Beta, Information Ratio and Tracking Error information are measured against the Refinitiv Global Focus Convertible Index.

3. 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 convertible securities (including low-rated, non-investment grade securities, and possibly securities in default) of corporate issuers worldwide. Such securities have historically been subject to price movements, due to movement in the prices of underlying equities or movements in interest rates and the bond market generally. As a result, the performance of the Fund can fluctuate considerably over time. Other significant risks include: credit risk, foreign currency risk, liquidity risk, convertible securities 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. 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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a. Percentage may not equal 100% due to rounding. All holdings are subject to change.

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c. 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.

d. 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.

e. 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.

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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