

**Fund Manager Report**
**Product Details<sup>1</sup>**

Fund Assets	€1,032,242,518.61
Fund Inception Date	26/04/1991
Number of Issuers	50
Bloomberg	TEMDGGI LX
ISIN	LU0029873410
Base Currency	EUR
Investment Style	Value
Benchmark	MSCI All Country World Index-NR Linked MSCI ACWI Climate Change Index-NR
Morningstar Category™	Sector Equity Ecology

**Asset Allocation<sup>2</sup>**

Percent of Total	%
Equity	93.05
Cash & Cash Equivalents	6.95
Fixed Income	0.00

**Overall Morningstar Rating™<sup>a</sup>**

**Fund Description**

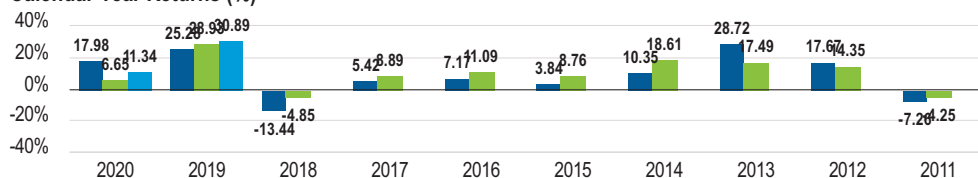
The Fund seeks to contribute towards climate change mitigation and adaptation, while seeking capital appreciation, by investing in equity securities of companies that provide solutions for the mitigation and/or adaptation of climate change risk or which are in the process of making their business models more resilient to long-term risks presented by climate change and resource depletion.

**Performance Data<sup>3,4,5</sup>**
**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 (Ydis) EUR	36.99	11.95	-4.60	4.58	10.74
MSCI All Country World Index-NR EUR	30.33	7.30	5.36	13.84	9.71
Linked MSCI ACWI Climate Change Index-NR EUR	30.50	12.74	6.09	-	-

**Performance Net of Management Fees as at 31/08/2021 (Dividends Reinvested) (%)<sup>b,c</sup>**

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (26/04/1991)
A (Ydis) EUR	4.05	7.17	14.16	36.99	13.52	11.12	11.53	6.63
MSCI All Country World Index-NR	2.97	8.31	20.14	30.33	13.79	12.97	13.50	7.90
Linked MSCI ACWI Climate Change Index-NR	3.34	9.81	20.24	30.50	16.00	-	-	-

**Calendar Year Returns (%)**


- A (Ydis) EUR
- MSCI All Country World Index-NR
- Linked MSCI ACWI Climate Change 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. MSCI All Country World Index-NR used for performance comparison purposes. MSCI Provisional ACWI Climate Change EU Climate Transition Index-NR from 31 March 2018 until 27 May 2021 and MSCI ACWI Climate Change Index-NR thereafter, used to measure the sustainable investment objective of the Fund. The Benchmarks are neither used as a constraint on how the Fund's portfolio is to be constructed nor set as a target for the Fund's performance to beat.
4. MSCI All Country World Index-NR reflects performance of the MSCI All Country World Index (gross returns) from fund inception through 31 December 2000 and MSCI All Country World Index-NR thereafter.
5. Net Returns (NR) include income net of tax withholding when dividends are paid.

## Portfolio Manager Insight

## Performance Review

## ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Array Technologies Inc	Industrials (Stock Selection)	United States (Stock Selection)
	Albemarle Corporation	Materials (Stock Selection)	Germany (Stock Selection)
	Crown Holdings, Inc.	Consumer Discretionary (Stock Selection, Underweight)	Denmark
HURT	Azure Power Global Ltd.	Consumer Staples (Stock Selection)	India (Stock Selection)
	Kaveri Seed Co. Ltd.	Communication Services (Stock Selection)	Japan (Stock Selection)
	Sumitomo Metal Mining Co., Ltd.	Financials (Underweight)	Taiwan (Stock Selection)

- From the solutions category, US-based designer and manufacturer of solar tracking systems Array Technologies boosted relative results. Array is one of two major providers in the United States, where it largely operates within a duopoly. A solar tracker is a custom-engineered product that sits underneath a solar module and helps the module point towards the sun throughout the day. The company's shares jumped during the month as Array secured pricing agreements on key inputs for the remainder of calendar year 2021.
- Relative performance from the transitioning theme was lifted as shares of US-based Albemarle, the world's leading lithium miner, rose in value. The shares rallied following a solid set of second-quarter results featuring better-than-expected earnings and solid guidance driven by an improved outlook for lithium revenues. The stock also benefitted from the announcement that the Big 3 US automakers are targeting 40%–50% of car sales from electric vehicles by 2030. As the world's lower-cost lithium producer with an ambitious expansion plan, we believe Albemarle remains fundamentally well-placed to potentially enjoy substantial revenue and earnings growth over our forecast period.
- In contrast, the stock price of Azure Power Global, an Indian utility-scale solar developer from the solutions category, declined in value. Utility-scale solar companies produce solar power and feed it into the grid, providing a utility with energy. Azure Power, like almost all utility-scale solar companies, has power purchase agreements (PPAs) with utility companies, ensuring a market for its energy for a length of time.

## Outlook &amp; Strategy

- While it has been a difficult year for clean technology companies, particularly renewable energy, we see multiple positive catalysts on the horizon. This starts with the UN Climate Change Conference (COP26), scheduled to begin in late October in Glasgow, Scotland. We expect the conference to be supported by incremental targets from several countries and potentially from companies as well. In Germany, upcoming elections have the potential to result in a coalition government involving the Green Party, which could increase support for and spending on climate initiatives both domestically and more broadly in the European Union (EU). New legislation on renewable energy in the United States is also expected later this year, while the EU Green Deal—which is to include significant energy efficiency and building renovation spend—is expected to ramp up starting in 2022.
- The EU emissions trading scheme also recently saw a new carbon price high of almost €63 per ton of CO<sub>2</sub> emissions as the supply of credits starts to reduce and gas prices have continued to move higher. We expect the carbon price to move meaningfully higher over this decade, and this should further support increased investment in projects to reduce or offset carbon emissions.
- We believe that while shares of renewable energy companies have struggled in 2021, there remains selective opportunities to add to and increase our weighting in the sphere. Rising steel prices that we consider to be largely temporary in nature leave us favourably disposed to the valuations of solar tracker companies, in which we have increased our exposure. We also continue to look for new ways to gain exposure to long-term growth in the offshore wind segment.
- Peripheral clean-tech stories are offering more attractive valuations at this point in the cycle and we continue to build exposure to “circular economy” companies that are engaged in recycling, waste management and water services.
- The electric vehicle (EV) trend has continued to surprise positively, and we expect meaningful supply chain tightness in this area, which drives our weightings in lithium miners, cathode manufacturers and battery suppliers. Near-term production issues due to semiconductor chip shortages have also offered interesting entry opportunities into auto manufacturers that we believe will be long-term winners in the shift away from traditional combustion engines.
- Lastly, amidst higher market valuations we have reduced some cyclical exposure in the portfolio, modestly increasing our weightings in technology and utilities while reducing some industrials exposure.

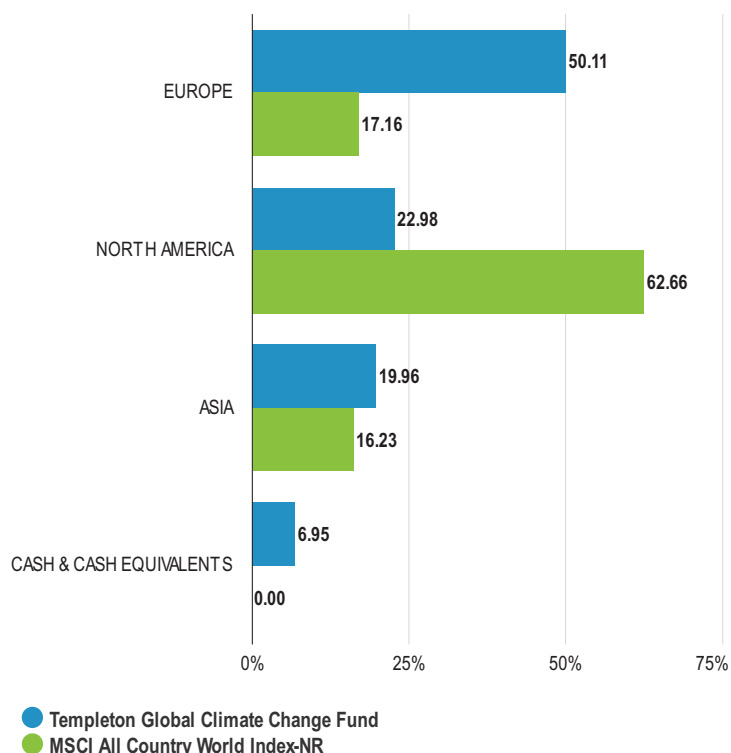
Portfolio Characteristics<sup>d,e</sup>

	Portfolio	MSCI All Country World Index-NR
Price to Earnings (12-Month Trailing)	18.38x	20.77x
Price to Book	2.26x	3.02x
Price to Cash Flow	9.63x	14.46x
Market Capitalisation (Millions in EUR)	87,191	275,578
Dividend Yield	1.83%	1.65%

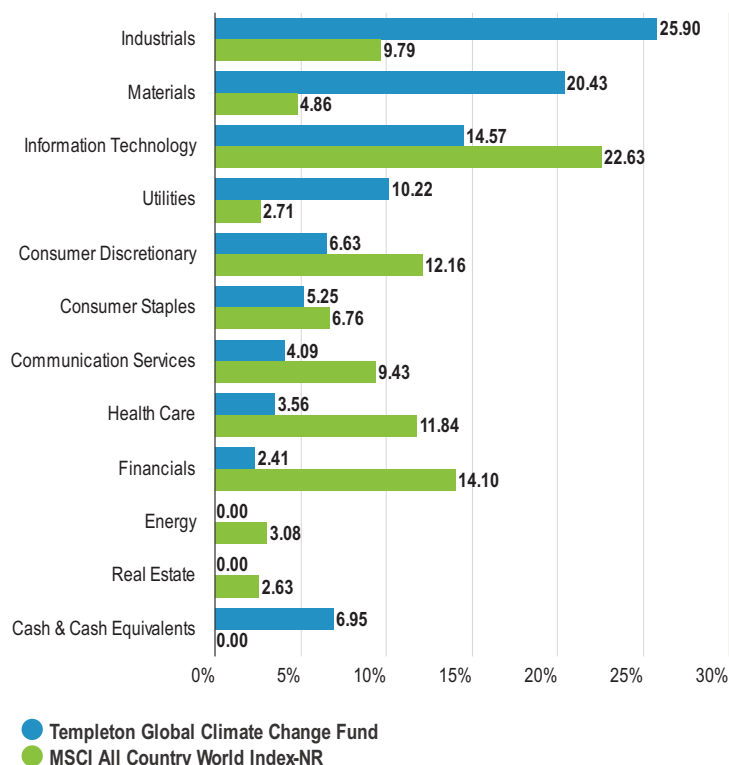
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**Portfolio Diversification**

**Geographic Weightings vs. MSCI All Country World Index-NR<sup>f</sup>**  
Percent of Total



**Sector Weightings vs. MSCI All Country World Index-NR<sup>f</sup>**  
Percent of Total



**Top Ten Holdings<sup>g</sup>**

Percent of Total

Top Holdings	Sector	Country	%
CROWN HOLDINGS INC	Materials	United States	3.59
PRYSMIAN SPA	Capital Goods	Italy	3.32
SIGNIFY NV	Capital Goods	Netherlands	3.28
E.ON SE	Utilities	Germany	2.94
FAURECIA SE	Automobiles & Components	France	2.81
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	Semiconductors & Semiconductor Equipment	Taiwan	2.75
ALBEMARLE CORP	Materials	United States	2.73
FIRST SOLAR INC	Semiconductors & Semiconductor Equipment	United States	2.63
INFINEON TECHNOLOGIES AG	Semiconductors & Semiconductor Equipment	Germany	2.54
TOYOTA MOTOR CORP	Automobiles & Components	Japan	2.46

**Performance Statistics<sup>6</sup>****Risk Statistics<sup>7</sup>**

	3 Yrs	5 Yrs	10 Yrs
<b>Standard Deviation (%)</b>			
Templeton Global Climate Change Fund	18.37	15.00	13.95
MSCI All Country World Index-NR	16.05	13.18	11.84
<b>Tracking Error (%)</b>	6.28	5.33	5.14
<b>Information Ratio<sup>8</sup></b>	-0.03	-0.35	-0.38
<b>Beta</b>	1.05	1.04	1.06
<b>Sharpe Ratio</b>			
Templeton Global Climate Change Fund	0.77	0.79	0.85
MSCI All Country World Index-NR	0.90	1.03	1.17

**Investment Team**

Portfolio Manager	Years with Firm	Years Experience
Maarten Bloemen	20	35
Craig Cameron, CFA	8	11
Tina Sadler, CFA	24	26
Herbert J Arnett Jr.	25	27

**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 companies throughout the world which recognise and adapt to the long-term financial risks and opportunities presented by climate change and resource depletion. 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 significantly over relatively short time periods. Other significant risks include: foreign currency risk, derivatives instruments 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.

6. Net Returns (NR) include income net of tax withholding when dividends are paid.

7. Beta, Information Ratio and Tracking Error information are measured against the MSCI All Country World Index-NR.

8. 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](http://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.

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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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. 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.

e. 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.**

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

g. 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](http://franklintempleton.lu)

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