

Fund Commentary

Performance Review

- The global equity market overall advanced in April 2019, supported by the accommodative policies of major central banks and better-than-expected economic data from the United States, China and the eurozone. Major developed market bond yields rose across the month.
- For the month, the fund's A (Ydis) EUR shares returned -0,08%, and its benchmark, the Custom EURIBOR 3-Month + 2% Index, returned 0,14%.

ONE-MONTH KEY PERFORMANCE DRIVERS

HELPED	Equities contributed to returns, as markets in most developed market economies continued to respond to an increasingly dovish stance on monetary policy from major central banks.
	Corporate bonds, particularly high-yield debt, added value during the month, as investors favoured higher-yielding fixed-income assets.
	Emerging market (EM) corporate debt added value, as the sector outperformed sovereign EM debt.
HURT	US Treasuries and certain eurozone government bonds detracted during April, as yields rose from recent lows seen in late March.
	Equity hedges, held on global equities at the start of April, detracted from returns, as equity markets rose during the month.
	Certain higher-yielding sovereign EM bonds held back returns, weighed down by currency weakness.

Outlook & Strategy

- The current performance of world equity markets differs from the less optimistic views reflected by government bond markets. This is partly because central bankers have backed away from plans to normalise monetary policy.
- Part of the reason for this bearish sentiment from central banks is concern over inflation expectations. In the United States, survey measures of longer-term expectations have fallen back to historical lows, dipping to levels last seen in late 2016.
- We believe growth remains strong enough to support risk assets over a longer-term horizon. We are carefully monitoring the potential for renewed market volatility and have moved to reflect these concerns, but we are not bearish.
- As well as retaining large equity market holdings, the fund maintains substantial exposure to market-neutral risk premium investments and holds alternative assets to help diversify exposure.
- Within fixed income, the economic environment remains supportive of corporate bonds, although the investment-grade sector has more duration risk than other bonds. We have adopted a more cautious stance on the outlook for riskier fixed income sectors such as high yield.

Fund Details

Inception Date	20.03.2015
Benchmark	Custom EURIBOR 3-Month + 2% Index, MSCI All Country World Index

Fund Description

The Fund's investment objective is to achieve a combination of income and long-term capital appreciation, targeting a yearly average return of 2% (net of fees) over the Euro Interbank Offered Rate (EURIBOR) over a rolling three-year period. The Fund aims to achieve its objective with an annualised volatility ranging, under normal market conditions, between 3% and 5%. There is no guarantee that the Fund will achieve its return objective, nor that it will remain within the aimed-for volatility range.

Performance Data

Discrete Annual Performance (%) as at 30.04.2019

	4/18-4/19	4/17-4/18	4/16-4/17	4/15-4/16	4/14-4/15
A (Ydis) EUR	-4,43	-1,80	1,88	-3,37	11,06
Custom EURIBOR 3-Month + 2% Index EUR	1,67	1,66	1,68	1,90	2,09

Performance Net of Management Fees as at 30.04.2019 (Dividends Reinvested) (%)^{1,2}

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (13.02.2006)
A (Ydis) EUR	-0,08	1,09	2,63	-4,43	-1,48	0,52	2,72	1,95
Custom EURIBOR 3- Month + 2% Index	0,14	0,42	0,56	1,67	1,67	1,80	2,20	3,13

Past performance up to the inception date of the share class shown, the "Share Class", has been simulated by taking the performance of the corresponding share class of Franklin Templeton Strategic Allocation Funds (FTSAF) - Franklin Strategic Conservative Fund (incepted 13.02.2006) whose assets were merged into the Share Class and whose composition does not differ from the composition of the FTIF - Franklin Diversified Conservative Fund's portfolio (incepted 20.03.2015). As of 29.06.2006, the fund made changes to its investment strategy, including adding both return and risk range targets; such a change can impact performance. Effective 29.06.2006, the performance benchmark changed to Euro Interbank Offered Rate (EURIBOR). The risk benchmark continues to be a blended benchmark of 15% MSCI All Country World Index, 75% Bloomberg Barclays Euro Aggregate Government Index and 10% Eonia Index.

Investment Team**Matthias Hoppe**

Years with Firm 10

Years Experience 19

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 directly or indirectly (through financial derivative instruments, structured products or collective investment schemes) in equity and fixed income securities, cash and equivalents, and (indirectly only) alternative investments (including commodities or property), with an aim to have a higher proportion of debt securities vs. other assets. Such securities and investment instruments have historically been subject to price movements due to such factors as general stock market volatility, sudden changes in interest rates, changes in the financial outlook or perceived credit worthiness of securities issuers, or fluctuations in commodity prices or real estate values. 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, currency risk, derivatives risk, liquidity risk, targeted return 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.

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 Fund invests directly or indirectly (through financial derivative instruments, structured products or collective investment schemes) in equity and fixed income securities, cash and equivalents, and (indirectly only) alternative investments (including commodities or property), with an aim to have a higher proportion of debt securities vs. other assets. Such securities and investment instruments have historically been subject to price movements due to such factors as general stock market volatility, sudden changes in interest rates, changes in the financial outlook or perceived creditworthiness of securities issuers, or fluctuations in commodity prices or real estate values. As a result, the performance of the Fund can fluctuate moderately over time.

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.

References to indexes are made for comparative purposes only and are provided to represent the investment environment existing during the time periods shown.

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.

Important data provider notices and terms available at www.franklintempletondatasources.com.

1. Source for all information is Franklin Templeton Investments. Benchmark related data provided by FactSet. Past performance is not an indicator or a guarantee of future performance. Portfolio holdings are subject to change. Periods greater than one year are shown as average annual total returns. Sales charges and other commissions, taxes and other relevant costs paid by investor are not included.
2. 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.

