

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. Additionally, corporate earnings reports from certain sectors were perceived favourably.
- For the month, the fund's A (Mdis) USD shares returned 3,89%, and its benchmark, the MSCI All Country World Index, returned 3,43%.

ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
Helped	Citigroup Inc.	Financials (Stock Selection, Overweight)	France (Overweight)
	BNP Paribas SA Class A	Industrials (Stock Selection)	United Kingdom (Stock Selection)
	Credit Agricole SA	Materials (Stock Selection)	Netherlands
Hurt	Takeda Pharmaceutical Co. Ltd.	Energy (Overweight)	United States (Stock Selection, Underweight)
	Eni S.p.A.	Health Care (Overweight)	China (Stock Selection)
	China Mobile Limited	Communication Services (Stock Selection)	Switzerland (Stock Selection)

- The financials sector delivered six of the fund's top-ten performing holdings, including UK-domiciled emerging markets lender Standard Chartered. Its shares surged the most in two years after the bank announced a US\$1 billion share buyback, its first in two decades, and outlined plans to boost returns on tangible equity after settling with US and UK authorities over Iran sanctions violations. The firm's highly regarded chief executive officer has been aggressively de-risking the balance sheet and controlling costs in order to transition to a phase of renewed sales and profit growth.
- Within the industrials sector, shares of Siemens rose after the firm secured a contract to help Iraq develop its power supply, and as analyst optimism rose in anticipation of a capital markets day in May. We believe the firm's true value remains obscured by its conglomerate structure, and that recently announced restructuring initiatives should help control costs and rationalise the operating portfolio.
- Significant monthly relative detractors included Japanese pharmaceuticals manufacturer Takeda Pharmaceutical. Its shares declined after the firm cut profit guidance (though it raised its sales outlook) after detailing the costs associated with a US\$62 billion takeover of UK biotechnology specialist Shire. We believe Takeda bought Shire (and its attractive rare disease treatment business) at a favourable price—especially after considering the synergies of the deal—and see scope for significant margin improvement in the combined group over our investment horizon.

Outlook & Strategy

- Investors frustrated by the market's seeming disregard of fundamental value could be forgiven for concluding that the rules of finance and economics have changed. Valuations seem to no longer matter; one-fifth of the global sovereign bond market has traded at negative yields, and financial assets like equities have traded near all-time highs relative to real assets like commodities. Volatility is presumed dead, as evidenced by the largest net short position on record in Cboe Volatility Index (VIX) futures at the end of April.
- A market that pays no heed to fundamentals creates challenges for value investors, and a market that rewards indiscriminate, index-level exposure creates challenges for active stockpickers. The question for investors is who will ultimately win this tug of war between central planning and free market capitalism. If market-based principles ultimately prevail as they have in the past, fundamental value investors should be well-positioned to eventually benefit from the significant opportunities and irregularities evident in financial markets today.

Fund Details

Inception Date	27.05.2005
Benchmark	MSCI All Country World Index

Fund Description

The fund aims to provide a combination of current income and long-term capital appreciation by investing, under normal market conditions, in a diversified portfolio of equity securities worldwide.

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 (Mdis) USD	-6,37	14,09	13,20	-13,78	-1,37
MSCI All Country World Index USD	5,63	14,77	15,77	-5,13	8,02

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 (27.05.2005)
A (Mdis) USD	3,89	5,10	11,67	-6,37	6,54	0,56	6,83	2,80
MSCI All Country World Index	3,43	7,65	16,18	5,63	11,97	7,54	11,70	7,35

Investment Team

Peter Wilmshurst, CFA

Years with Firm 21

Years Experience 26

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 around the world. 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 considerably 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: currency risk, emerging markets risk, liquidity risk, derivatives 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 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.

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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.

