

Fund Manager Report

Product Details^{1,a}

Fund Assets	\$34,048,177.58
Fund Inception Date	30/09/2020
Number of Issuers	40
Bloomberg	TEMSAUA LX
ISIN	LU2213486215
Base Currency	USD
Investment Style	Blend
Benchmark	MSCI Emerging Markets Index-NR
Morningstar Category™	Global Emerging Markets Equity

Asset Allocation²

Percent of Total	%
Equity	99.83
Cash & Cash Equivalents	0.17
Fixed Income	0.00

Fund Description

The Fund seeks both long-term capital growth and positive outcomes by investing primarily in equity securities of emerging market companies, or those companies which derive a significant proportion of their revenues or profits from emerging economies, with a focus on companies whose products and/or services contribute to one or more positive social and/or environmental outcome areas across Basic Needs, Wellbeing, Decent Work, Healthy Ecosystems, Climate Stability, and Resource Security, linked to United Nations Sustainable Development Goals (UN SDGs).

Performance Data³

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	10.80	-	-	-	-
MSCI Emerging Markets Index-NR USD	18.20	10.54	-2.02	-0.81	22.46

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

	1 Mth	3 Mths	YTD	1 Yr	Since Inception (30/09/2020)
A (acc) USD	-6.42	-11.50	-6.89	10.80	-
MSCI Emerging Markets Index-NR	-3.97	-8.09	-1.25	18.20	-

Portfolio Manager Insight

Performance Review

QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Apollo Hospitals Enterprise Limited	Health Care (Stock Selection)	India (Overweight)
	ICICI Bank Limited	Information Technology (Overweight)	Russia (Overweight)
	Sberbank Russia PJSC	Real Estate (Lack of Exposure)	South Africa (Stock Selection)
HURT	Health and Happiness (H&H) International Holdings Limited	Consumer Discretionary (Stock Selection)	China (Stock Selection)
	New Oriental Education & Technology Group, Inc. Sponsored ADR	Energy (Lack of Exposure)	Brazil (Overweight)
	Americanas SA	Consumer Staples (Stock Selection)	Saudi Arabia (Lack of Exposure)

- China-based consumer nutrition company Health and Happiness (H&H) International's stock declined. Its first-half 2021 net profit fell as weakness in its baby nutrition business offset an improvement in its adult nutrition business. Concerns of potential government curbs on infant formula pricing also weighed on the stock. We retain our longer-term conviction in H&H in view of the structural growth potential that we see in the premium infant formula and adult nutrition markets.
- Shares of Brazilian e-commerce company Americanas retreated amidst intense industry competition. Although the company's quarterly sales accelerated, its growth lagged its major competitors. We believe that Americanas' recent business integration with its parent Lojas Americanas should boost the combined group's competitiveness across online and physical channels.

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

- In contrast, Sberbank Russia's share price advanced. Its quarterly earnings growth beat expectations, and it upgraded its return-on-equity guidance. Rising interest rates in Russia also lifted the market's outlook for its margins. We believe that Sberbank's fast-growing digital ecosystem could entrench its industry leadership and position it for further growth in an underpenetrated market.

ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Sberbank Russia PJSC	Materials (Stock Selection, Underweight)	Peru (Overweight)
	China Mengniu Dairy Co., Ltd.	—	—
	Credicorp Ltd.	—	—
HURT	NAVER Corp.	Energy (Lack of Exposure)	India (Stock Selection)
	Apollo Hospitals Enterprise Limited	Health Care (Stock Selection)	Brazil (Overweight)
	Rumo SA	Information Technology (Stock Selection, Overweight)	China (Stock Selection)

- In South Korea, internet company Naver's stock lost ground as policymakers tightened their watch over technology platforms' financial technology businesses and overall market dominance. We are monitoring developments closely. We continue to see longer-term growth opportunities for Naver across its internet search, e-commerce, digital content and other businesses.
- Shares of Apollo Hospitals Enterprise in India faced profit-taking pressure after an extended rally. We believe that the private health care services provider has multiyear growth potential in India's underserved market, given its presence across the hospital, pharmacy and retail health care segments. Apollo has also been ramping up its digitalisation efforts as it develops its online health care platform.
- Finishing higher were shares of China Mengniu Dairy. The stock continued its uptrend after the maker of milk drinks, yoghurt and other dairy products reported better-than-expected profit growth in the previous month. We see opportunities for China Mengniu to gain market share, thanks to its strong product offering, wide distribution network and stake in a major raw milk supplier. We also expect its margins to increase as it improves its product mix.

Outlook & Strategy

- EMs have seen progress in COVID-19 vaccine rollouts, but challenges such as the recent Chinese regulatory crackdown and further virus outbreaks have caused EM equities to generally underperform developed markets in the year to date. We still see reasons to be optimistic about EMs in the longer term, even as we are mindful of some near-term risks.
- Regulatory changes in China have affected several industries, particularly internet-related stocks. Nonetheless, we believe that the government remains committed to fostering innovation as an economic engine, and internet companies remain pivotal in helping it to achieve its technological goals. From an environmental, social and governance (ESG) perspective, internet companies have also supported employment and enabled small and medium-sized enterprises to do business through their platforms.
- Meanwhile, power shortages across parts of China stemming from a pickup in industrial activity, tightening emission standards and energy supply limitations have resulted in factory closures. Although this is likely to have a short-term impact on China's economy, we believe that the government's focus on decarbonisation is likely to continue as it works towards becoming carbon-neutral by 2060.
- As a whole, EMs present a unique environment for sustainable investing. Cultural contexts vary, as do markets' stages of development on the ESG front. In our view, this reality requires us to take a pragmatic and flexible investment approach as we pursue the fund's dual goals: to deliver what we consider to be attractive long-term risk-adjusted investment returns, as well as positive social and environmental outcomes for all stakeholders.

Portfolio Characteristics^{4,5}

	Portfolio	MSCI Emerging Markets Index-NR
Price to Earnings (12-Month Trailing)	19.54x	13.70x
Price to Book	2.69x	1.94x
Price to Cash Flow	12.67x	9.01x
Market Capitalisation (Millions in USD)	182,674	75,592
Dividend Yield	1.56%	2.22%

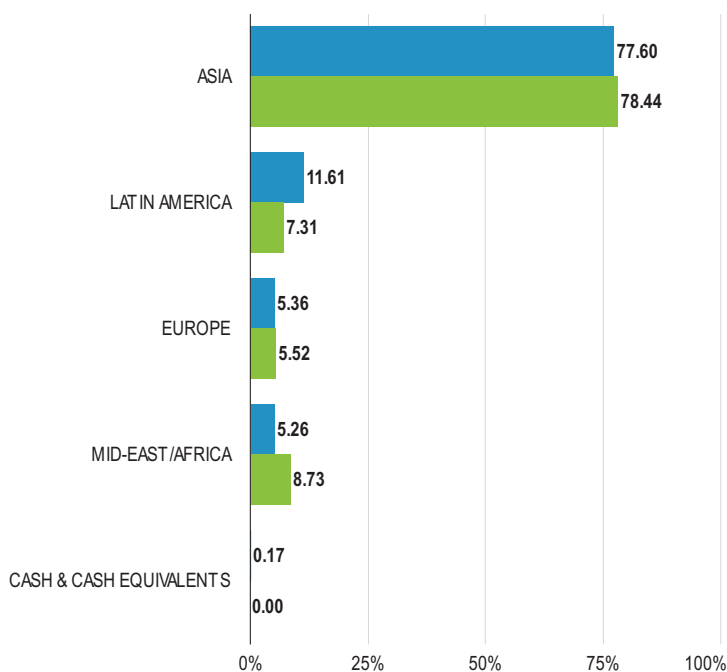
4. The portfolio characteristics listed are based on the fund's underlying holdings, and do not necessarily reflect the fund's characteristics. Due to data limitations all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. 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.

5. 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.**

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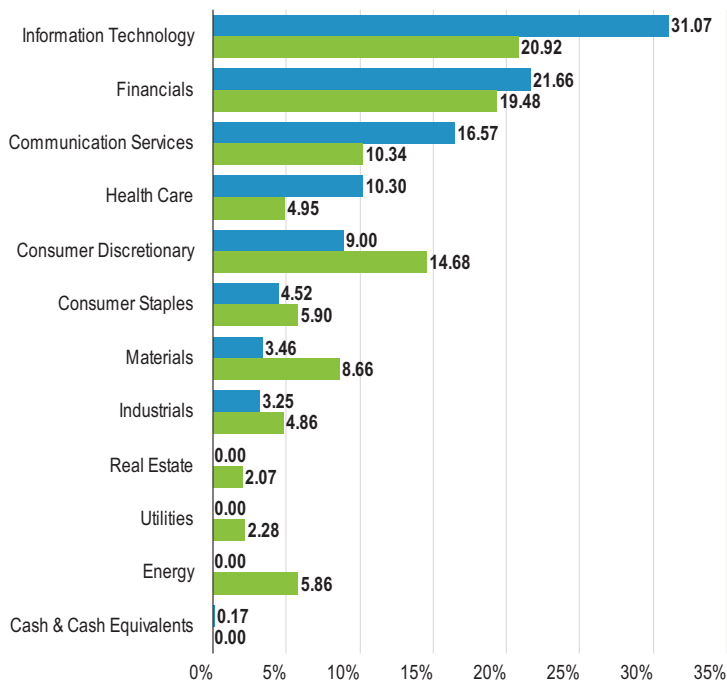
Portfolio Diversification

Geographic Weightings vs. MSCI Emerging Markets Index-NR⁶
Percent of Total



● Templeton Emerging Markets Sustainability Fund
● MSCI Emerging Markets Index-NR

Sector Weightings vs. MSCI Emerging Markets Index-NR⁷
Percent of Total



● Templeton Emerging Markets Sustainability Fund
● MSCI Emerging Markets Index-NR

Top Ten Holdings⁸

Percent of Total

Top Holdings	%
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	10.14
TENCENT HOLDINGS LTD	7.62
SAMSUNG ELECTRONICS CO LTD	7.59
ICICI BANK LTD	4.95
APOLLO HOSPITALS ENTERPRISE LTD	4.18
NAVER CORP	3.60
INFOSYS LTD	3.47
SBERBANK OF RUSSIA PJSC	3.35
HON HAI PRECISION INDUSTRY CO LTD	2.86
ITAU UNIBANCO HOLDING SA	2.67

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Chetan Sehgal, CFA	26	29
Andrew Ness	2	26

6,7. Percentage may not equal 100% due to rounding. All holdings are subject to change.

8. 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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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 in equity securities of companies of emerging nations presenting sustainable competitive advantages in their respective sector both from an ESG and performance indicators perspectives. Such securities and investment instruments have historically been subject to price movements due to such factors as general stock market volatility, 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 significantly over relatively short time periods. Other significant risks include: foreign currency risk, derivative instruments risk, Chinese Market 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.

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. In emerging markets, the risks can be greater than in developed markets. 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. 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.

Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change. The information provided is not a recommendation to purchase, sell or hold any particular security. The securities or issuers listed do not represent the 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 portfolio, or that securities sold will not be repurchased. In addition, it should not be assumed that any securities or issuers listed were or will prove to be profitable holdings of the same issuers have been combined. The portfolio manager reserves the right to withhold release of information with respect to holdings that would otherwise be included.

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. 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.

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.



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