



U.S. Equity Market Outlook

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April 4, 2023

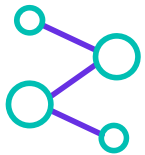


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U.S. Equity Market Outlook – March 2023



US Equity volatility remains as markets assess potential future economic and earnings growth trajectories



Inflation showing signs of moderation following Fed action; markets question the extent of additional tightening



Potential economic weakness partially mitigated by healthy corporate and consumer balance sheets



Digital Transformation theme offers productivity and profitability enhancements



US uniquely oriented to companies benefiting from the durable Digital Transformation theme

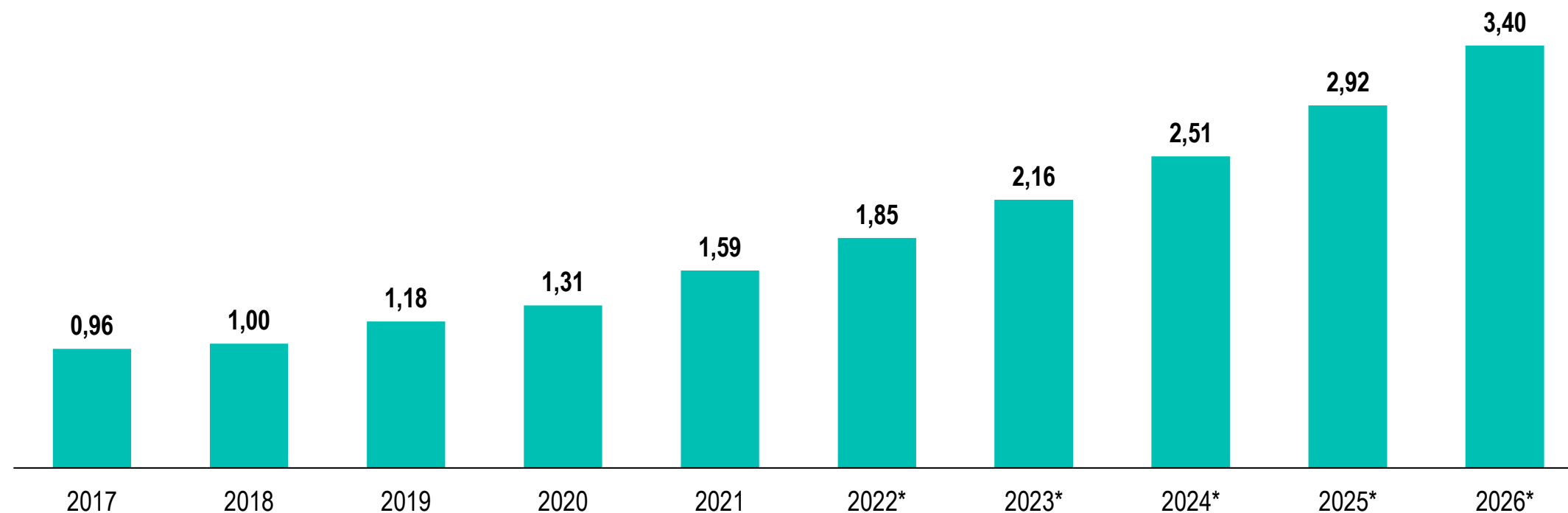
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We're still in the early innings of a global trend that is expected to transcend business cycles

Spending on digital technologies and services expected to more than triple by 2026

Spending on digital transformation technologies and services worldwide

2017—2025 Trillions (USD)



Source: Statista, as of 31 December 2022. *forecast. Most recent data available.

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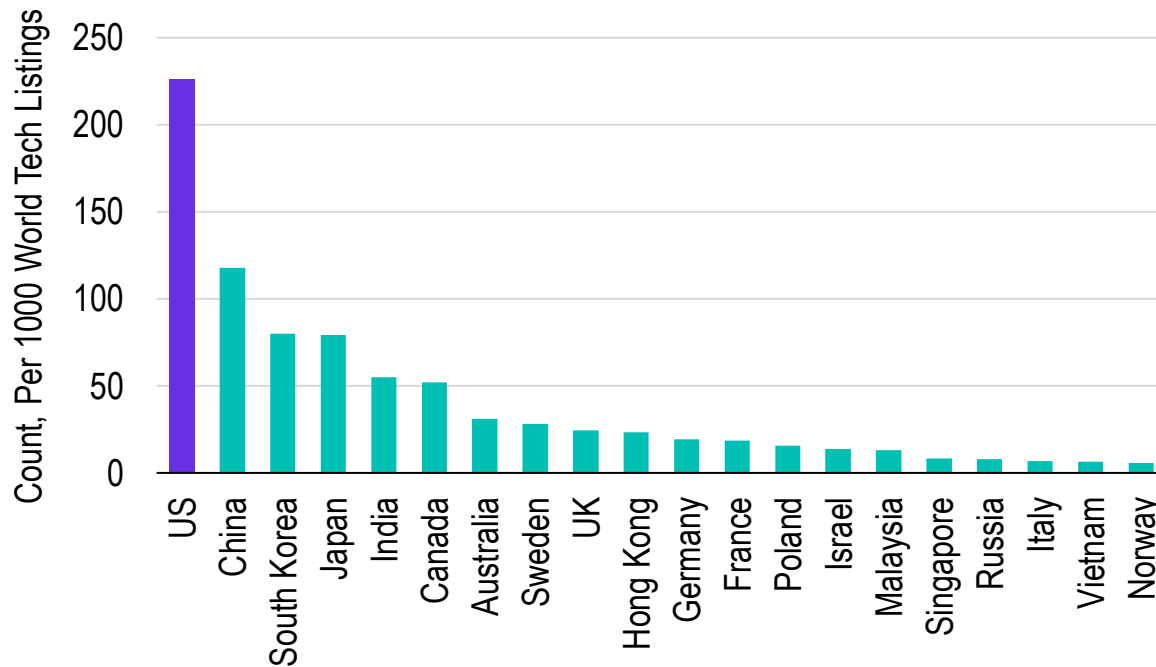
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Concentration of companies oriented to Digital Transformation

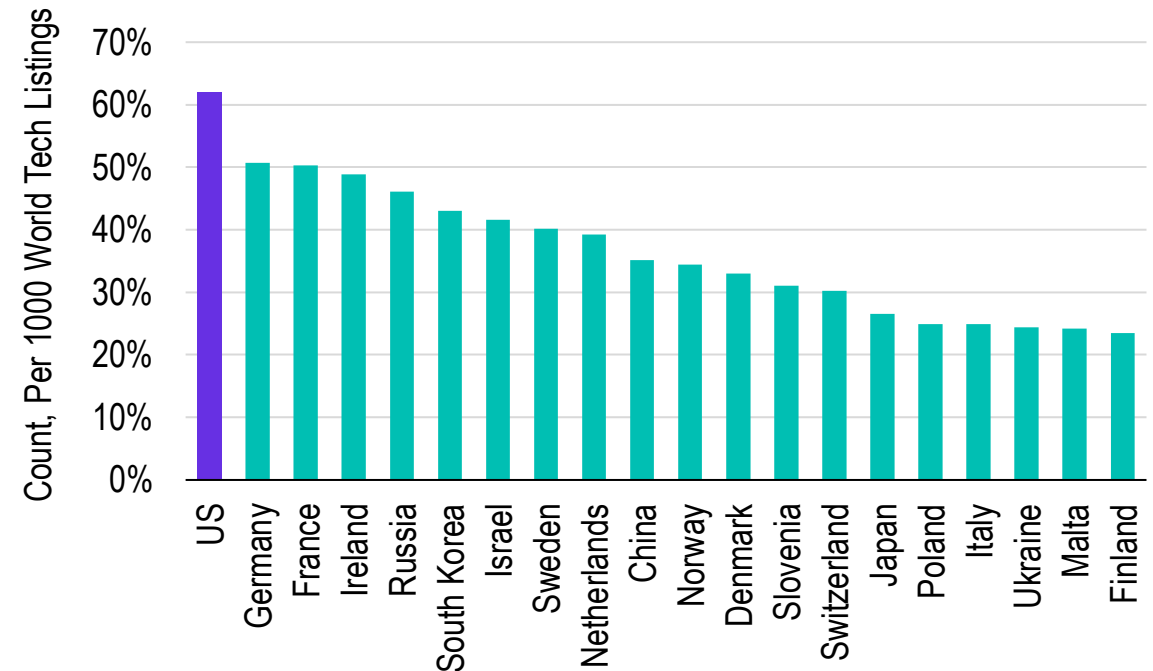
The US remains the global tech company leader with more than twice as many public tech firms than China, according to Bloomberg's Innovation Index

The US has the highest concentration of tech public companies (as a percentage of total public companies)

Share of aggregate capital expenditure



Share of total non-residential fixed investments

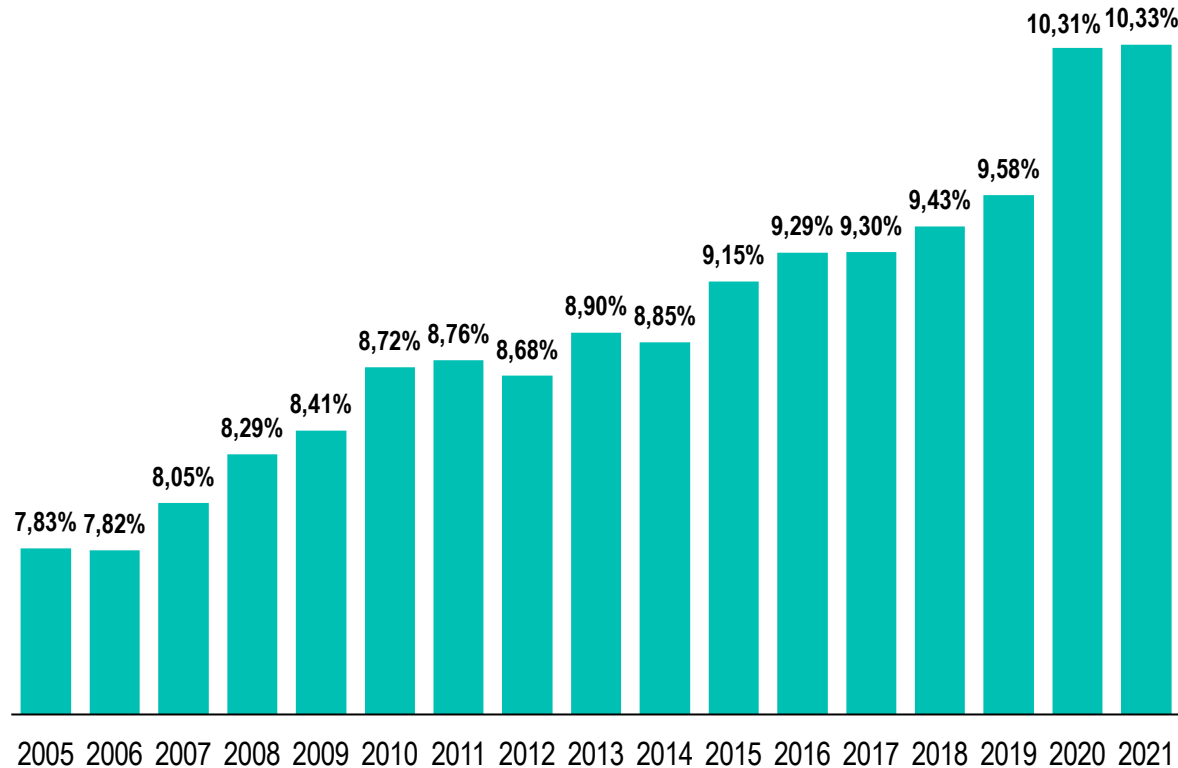


Source: Bloomberg, as of 30 September 2022. Most recent data available.
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...and the digital economy continues to command a larger share of US GDP

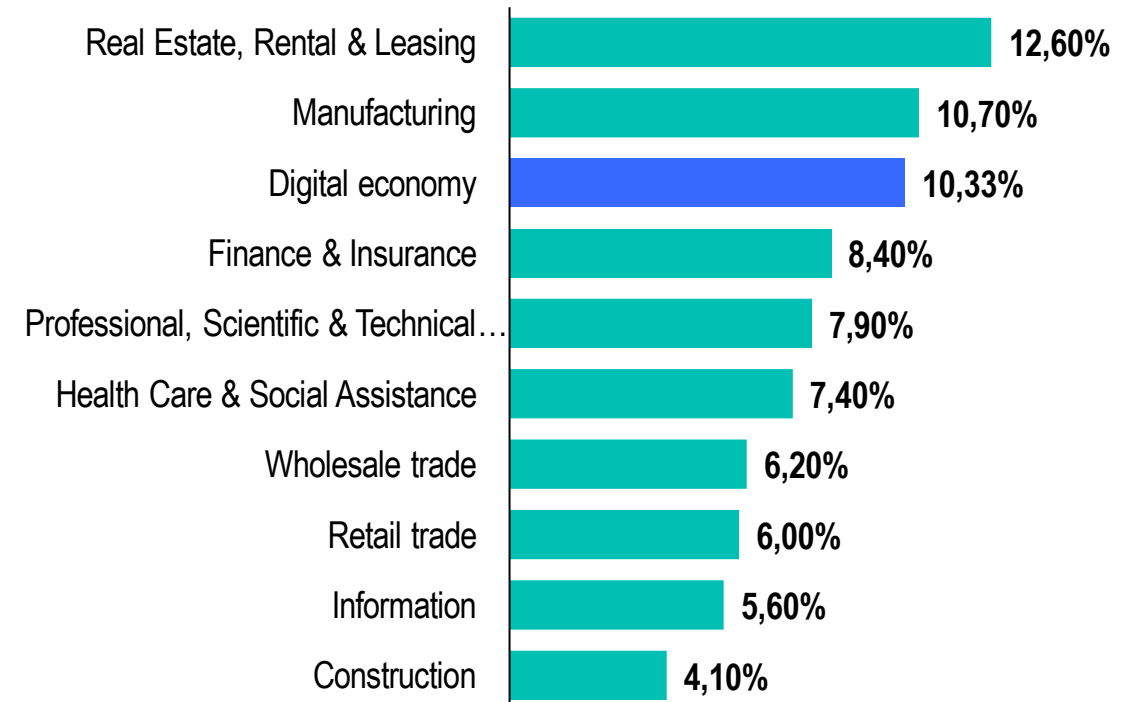
The digital economy continues to expand its share of the total economy

Share of total GDP



The digital economy has grown to be one of the largest sectors in the US economy

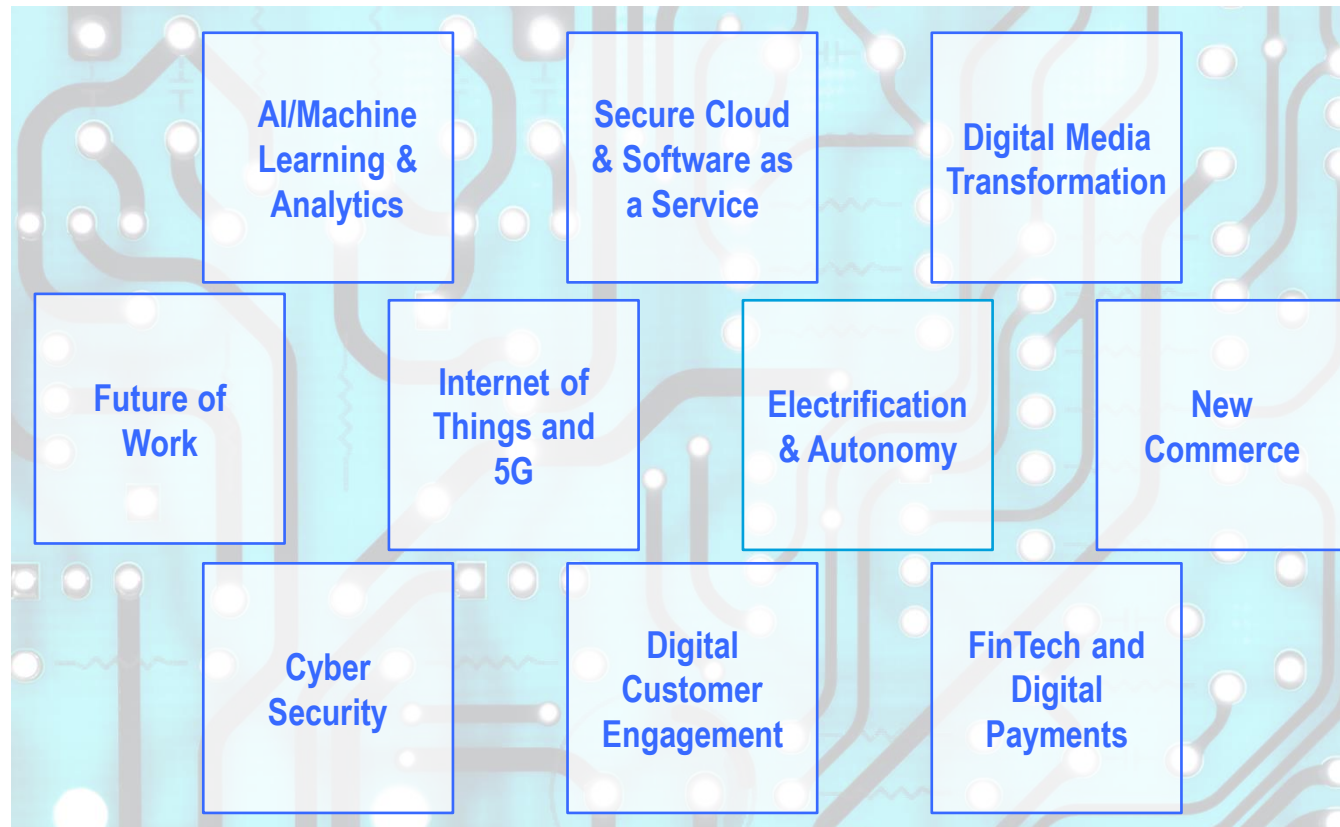
Top 10 sectors, share of total GDP



Source: US Bureau of Economic Analysis (BEA), as of 31 December 2022.
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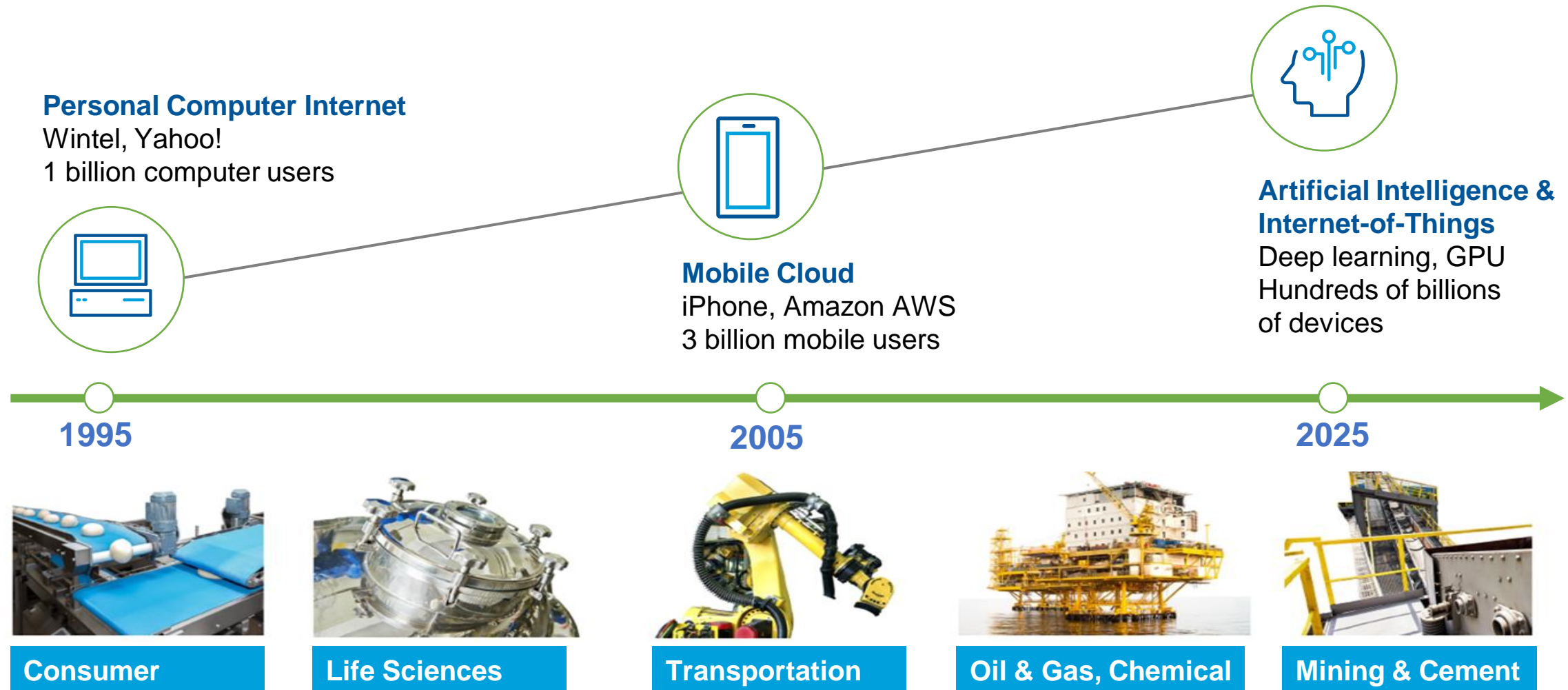
Key Pillars of Digital Transformation



These capabilities are radically transforming how businesses — in all kinds of industries and sectors — operate

The Intelligent Industrial Revolution

Industry 4.0—Disruption Beyond Technology



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References to particular securities are only for the limited purpose of illustrating general market or economic conditions and are not recommendations to buy or sell a security or an indication of any portfolio holdings.

Source: Nvidia, Rockwell Automation. <https://blogs.nvidia.com/blog/2016/10/24/intelligent-industrial-revolution/>

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Technology is more than an Innovation Story

High Quality Technology Companies Low debt gives these firms the flexibility to pay for R&D, and fund growth internally

S&P 500 Sectors – Debt-to-Market Cap Ratio

As of 31 December 2022

Information Technology



2%

Communication Services



8%

Consumer Discretionary



10%

Consumer Staples



15%

Energy



13%

Financials



19%

Health Care



10%

Industrials



71%

Materials



41%

Real Estate



-1%

Source: © 2023 FactSet. See www.franklintempletondatasources.com for additional data provider information.

Past performance does not predict future returns.

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Franklin U.S. Opportunities Fund*

Captures Leading U.S. Companies Poised for Growth

High conviction strategy focused on investing in leading U.S. companies across the market cap spectrum that have potential to benefit from multi-year growth trends or emerging profit cycles.

Our long-term disciplined approach emphasizes franchise businesses that we believe can generate sustainable earnings and cash flow growth over a 3- to 5-year horizon.

Exposure to
Leading US
Companies Benefiting
from Secular Growth
Trends



High-Conviction yet
Diversified Investment
Approach



Focused and
Experienced
Investment team.



* A sub-fund of Franklin Templeton Investment Funds (FTIF), a Luxembourg domiciled SICAV.
Diversification does not assure or guarantee better performance and cannot eliminate the risk of investment losses.

A Focused and Experienced Investment Team

The Investment team is located near the heart of Silicon Valley, home to many of the world's most innovative companies.



61 Dedicated investment professionals

38 CFA® charterholders

Co-lead managers, **Grant Bowers** and **Sara Araghi** have been with the firm for 27 years and 17 years, respectively.



Grant Bowers

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Appendix

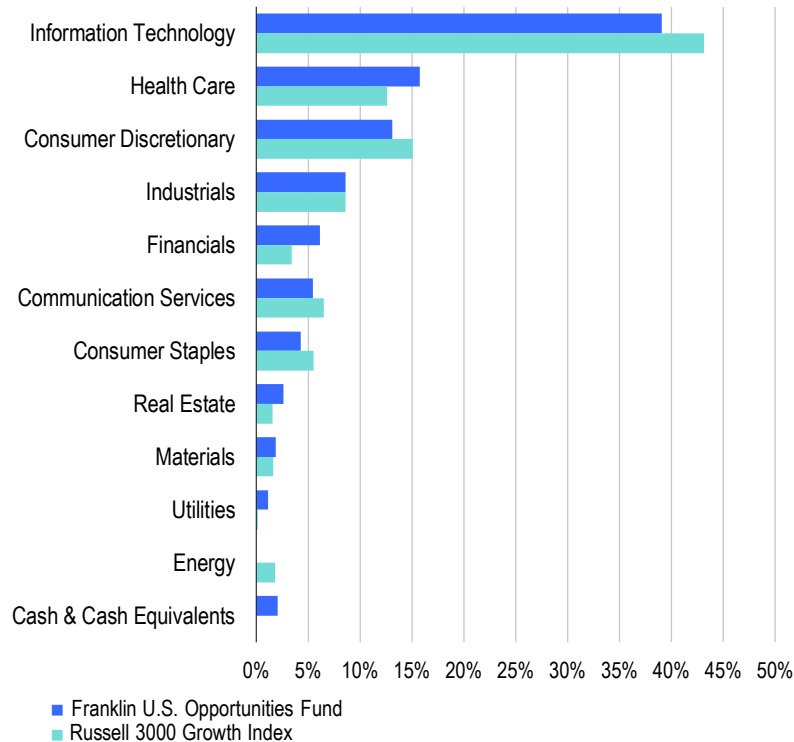
Franklin U.S. Opportunities Fund

Sector Allocation



Franklin U.S. Opportunities Fund vs. Russell 3000 Growth Index

As of 28/02/2023



	Portfolio %	Index %	Over/Under %
Information Technology	39.07	43.14	-4.06
Software & Services	27.76	22.33	5.43
Semiconductors & Semiconductor Equipment	6.12	8.22	-2.10
Technology Hardware & Equipment	5.19	12.59	-7.39
Health Care	15.75	12.63	3.12
Pharmaceuticals, Biotechnology & Life Sciences	9.10	7.04	2.06
Health Care Equipment & Services	6.65	5.60	1.05
Consumer Discretionary	13.11	15.05	-1.94
Retailing	8.31	8.09	0.22
Industrials	8.57	8.58	-0.01
Commercial & Professional Services	3.86	1.38	2.48
Capital Goods	2.43	5.03	-2.60
Financials	6.12	3.43	2.69
Diversified Financials	6.12	1.89	4.23
Communication Services	5.48	6.49	-1.02
Media & Entertainment	5.48	6.44	-0.96
Consumer Staples	4.26	5.52	-1.26
Food, Beverage & Tobacco	3.57	2.60	0.97
Real Estate	2.62	1.58	1.03
Materials	1.85	1.63	0.21
Utilities	1.11	0.15	0.96
Energy	0.00	1.80	-1.80
Cash & Cash Equivalents	2.07	0.00	2.07

The industry or sub-sector percentages may not total 100% and may not sum to the weight of the sector they roll up under as only industries or sub-sectors with a value above 3.00% are shown. Weightings as % of Total. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

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Franklin U.S. Opportunities Fund



Top Ten Holdings

Franklin U.S. Opportunities Fund

As of 28/02/2023

Name of Issuer	Industry	% of Total
MASTERCARD INC	Diversified Financials	5.62
MICROSOFT CORP	Software & Services	5.32
APPLE INC	Technology Hardware & Equipment	5.19
AMAZON.COM INC	Retailing	4.93
UNITEDHEALTH GROUP INC	Health Care Equipment & Services	3.07
ALPHABET INC	Media & Entertainment	2.96
SERVICENOW INC	Software & Services	2.71
VISA INC	Diversified Financials	2.70
SBA COMMUNICATIONS CORP	Real Estate	2.62
MSCI INC	Diversified Financials	2.48
Total		37.59

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.

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Franklin U.S. Opportunities Fund

Portfolio Characteristics



Franklin U.S. Opportunities Fund vs. Russell 3000 Growth Index

As of 28/02/2023

	Portfolio	Index
Historical 3 Years Sales Growth	19.23%	19.17%
Estimated 3-5 Year EPS Growth	16.48%	15.53%
Price to Earnings (12 Month Forward)	29.50x	22.66x
P/E to Growth	2.01x	1.55x
Weighted Average Market Capitalisation (in USD)	\$454,705	\$651,585
Market Capitalisation Breakdown in USD	Portfolio%	
<5.0 Billion	2.29	
5-25 Billion	10.19	
25.0-50.0 Billion	16.67	
50.0-100.0 Billion	11.12	
100.0-150.0 Billion	7.96	
>150.0 Billion	47.50	
N/A	4.27	

Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

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 the security level, not aggregated up to the main issuer.

Source: FactSet. Refinitiv. There can be no assurance that the Estimated 3-5 Year EPS Growth figure, based on Institutional Brokers Estimate System (IBES) consensus estimates, will be realised.

Market capitalisation statistics are indicated in the base currency for the portfolio presented.

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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 equity securities of companies located in or doing significant business in the U.S. 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: Securities Lending risk: the risk that default or insolvency of the borrower of securities lent by a Fund may lead to losses if collateral received realises less than the values of securities lent. 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.

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