



# Franklin U.S. Opportunities Fund

Franklin Templeton Investment Funds

A (acc) USD  
31 August 2024

## Product Commentary

### Performance Review<sup>1</sup>

#### Past performance does not predict future returns.

- US stocks declined in early August 2024 as investors worried about a potential recession with the releases of weaker-than-expected July employment and manufacturing reports. However, a better-than-estimated July services report, broadly solid corporate earnings reports, a continued cooling in the annual inflation rate and signs of an imminent interest-rate cut reinvigorated investor optimism about an economic soft landing and bolstered stocks. In this environment, large- and mid-capitalisation stocks generally posted positive returns, while small-cap equities collectively ended lower for the month.
- For the month, the fund's A (acc) USD shares returned 3.18%, and its benchmark, the Russell 3000 Growth Index, returned 1.93%.
- The fund outperformed the broader S&P 500 Index, which returned 2.43% for the month.

#### ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors
HELPED	Axon Enterprise Inc	Industrials (Stock Selection)
	TEMPUS AI INC	Communication Services (Stock Selection)
	Monolithic Power Systems, Inc.	Information Technology (Stock Selection)
HURT	McKesson Corporation	Consumer Staples (Stock Selection)
	Synopsys, Inc.	Financials (Stock Selection)
	Ares Management Corporation	—

- The fund delivered a solid performance in the industrials sector, in which gains relative to the Russell 3000 Growth Index benchmark were linked partly to a position in Axon Enterprise, which specialises in developing technology and products for law enforcement, public safety, and security. The company, which issued strong second-quarter 2024 earnings results, has been benefitting from the sales growth in its artificial intelligence (AI) and cloud services businesses.
- Tempus AI was a leading contributor in the health care sector. The life sciences tools and services company, which had an initial public offering in June, uses AI to analyse clinical data that helps doctors make more informed treatment decisions. Several factors aided its stock performance, including its strong second-quarter financial results driven by a 40% increase in data licensing revenue and expansion into new markets.
- In contrast, pharmaceutical distributor McKesson was a leading detractor in the health care sector. The company reported mixed fiscal first-quarter 2025 results that surpassed analysts' consensus expectations on earnings but missed on revenue, which pressured its shares. We believe that investor concerns about decelerating growth are unwarranted. We view McKesson as a high-quality business that holds a dominant position in a consolidated industry exposed to long-term growth trends, including ageing demographics, drug price inflation and specialty drug growth.

### Outlook & Strategy

- US equity performance continues to be supported by generally strong earnings results and resilient consumers, which have helped to offset the impact of high interest rates. Market participation has recently broadened from the "Magnificent Seven" group of mega-cap tech-related stocks into more diverse sectors and market-cap sizes. In this environment, we believe the market volatility we have been seeing is driven more by technical factors and investor reactions to macroeconomic news than by fundamentals. During these periods, we look opportunistically for what we regard as high-quality businesses that can benefit from lasting secular growth trends and potentially maintain leading competitive positions.
- We anticipate that the most significant growth themes for the rest of this decade will likely be tied to digital transformation, AI, cloud computing and cybersecurity within the broader technology space. We see innovation, growth and efficiency potentially accelerating substantially and spreading to other areas of the market. Even with the current weakness in low-end consumer spending, we have identified opportunities among what we consider to be high-quality growth companies within the consumer discretionary sector. We hold a positive outlook on the industrials sector as the West moves towards reindustrialisation and electrification to combat climate change. We are also optimistic about the numerous innovations in the health care sector, particularly in medical devices, biotechnology, and GLP-1 (glucagon-like peptide-1) weight-loss therapies.
- We maintain a constructive view of US equity markets, which continue to exhibit a generally positive earnings growth despite high interest rates. With the US Federal Reserve expected to begin a rate-cutting cycle, we would expect the US economy and equity markets to benefit from lower borrowing costs.

1. The fund's returns may increase or decrease as a result of changes to foreign exchange rates.

**Fund Details**

Inception Date	03/04/2000
Benchmark	Russell 3000 Growth Index, S&P 500 Index

**Fund Description**

The fund aims to achieve capital appreciation by investing principally in equity securities of US companies believed to possess sustainable growth characteristics and which meet growth, quality and valuation criteria. These include small-, medium- and large-capitalisation companies with strong growth potential across a wide range of sectors that have exceptional growth potential and fast-growing, innovative companies within these sectors.

**Performance Data<sup>2</sup>**

Past performance does not predict future returns.

Performance Net of Management Fees as at 31/08/2024 (Dividends Reinvested) (%)<sup>a</sup>

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
A (acc) USD	3.18	6.80	19.47	29.12	0.62	12.74	11.34	5.11
Net of Sales Charge - A (acc) USD	-1.98	1.46	13.50	22.66	-1.09	11.59	10.78	4.89
A (acc) SGD	0.72	3.14	18.11	24.61	-0.41	11.35	11.82	8.43
Net of Sales Charge - A (acc) SGD	-4.32	-2.02	12.20	18.38	-2.10	10.22	11.25	8.11
Russell 3000 Growth Index USD	1.93	7.10	20.66	30.10	8.25	18.42	15.52	7.26
Russell 3000 Growth Index SGD	-0.49	3.44	19.31	25.61	7.18	16.97	16.02	11.60
S&P 500 Index USD	2.43	7.39	19.53	27.14	9.38	15.91	12.98	7.57
S&P 500 Index SGD	-0.01	3.72	18.19	22.75	8.29	14.49	13.47	9.58

The Inception Date for the A (acc) USD share class and A (acc) SGD share class is 03/04/2000 and 25/10/2007 respectively.

**Investment Team****Grant Bowers**

Years with Firm 31  
Years Experience 31

**Sara Araghi, CFA**

Years with Firm 21  
Years Experience 21

2. The fund's returns may increase or decrease as a result of changes to foreign exchange rates.

## 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. There is no guarantee that the Fund will meet its objective. 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 considerably over time. Other significant risks include: **Liquidity risk:** the risk that arises when adverse market conditions affect the ability to sell assets when necessary. Such risk may be triggered by (but not limited to) unexpected events such as environmental disasters or pandemics. Reduced liquidity may have a negative impact on the price of the assets. **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.

## Important Legal Information

**This fund meets the requirements under Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR); the fund has binding commitments in its investment policy to promote environmental and/or social characteristics and any companies in which it invests should follow good governance practices.**

Franklin U.S. Opportunities Fund is a sub-fund of the Luxembourg-domiciled Franklin Templeton Investment Funds (FTIF).

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**Past performance is not necessarily indicative nor a guarantee of future performance of the Fund.** Subscriptions may only be made on the basis of the most recent Prospectus and Product Highlights Sheet which is available at Templeton Asset Management Ltd or authorised distributors of the Fund. Potential investors should read the details of the Prospectus and Product Highlights Sheet before deciding to subscribe for or purchase the Fund. This shall not be construed as the making of any offer or invitation to anyone in any jurisdiction in which such offer is not authorised or in which the person making such offer is not qualified to do so or to anyone to whom it is unlawful to make such an offer. In particular, the Fund is not available to U.S. Persons and Canadian residents.

**Investors may wish to seek advice from a financial adviser before making a commitment to invest in shares of the Fund. In the event an investor chooses not to seek advice from a financial adviser, he/she should consider whether the Fund is suitable for him/her.**

In addition, a summary of investor rights is available from <https://www.franklintempleton.com.sg/summary-of-investors-rights.pdf>. 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.

For the avoidance of doubt, if you make a decision to invest, you will be buying units/shares in the Fund and will not be investing directly in the underlying assets of the Fund.

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The benchmarks are used for performance comparison purposes. The Russell 3000 Growth Index is considered the Fund's primary benchmark because it consists of growth securities, which is aligned with the investment manager's focus on growth securities in managing the Fund. The performance of the S&P 500 Index may also be provided because it is considered a proxy for the US equity market. While the Investment Manager is unconstrained in the active management of the Fund and has absolute discretion to invest in companies not included in the benchmarks, the Fund's performance may, from time to time, present close similarities to these benchmarks.

[www.franklintempleton.com.sg](http://www.franklintempleton.com.sg)



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Source: FactSet. Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com).

a. Source for all information is Franklin Templeton Investments. Benchmark related data provided by FactSet. Fund performance computed in share class currency, on NAV-NAV basis and dividends reinvested. Net of Sales Charge figures are after 5% sales charge. Past performance is no guarantee of future results. Portfolio holdings are subject to change. Periods greater than one year are shown as average annual total returns. Other commissions, taxes and other relevant costs paid by investor are not included.



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