



# Franklin U.S. Opportunities Fund

Franklin Templeton Investment Funds

A (acc) USD  
31 July 2024

## Product Commentary

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

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

- A rotation away from large-capitalisation technology-related stocks—especially those focused on artificial intelligence (AI)—caused heightened equity-market volatility in July 2024. US Consumer Price Index readings for June came in lower than consensus expectations, which boosted investor expectations for an interest-rate cut in September. After leaving the federal funds target rate unchanged at a 23-year high at its late-July meeting, the US Federal Reserve hinted that a rate cut is possible as early as September. In an environment where many investors preferred small-cap equities, rate-sensitive stocks and more cyclical areas of the market, small-cap equities significantly outperformed large- and mid-cap stocks, with value outpacing growth in all three market-cap tiers.
- For the month, the fund's A (acc) USD shares returned -2.45%, and its benchmark, the Russell 3000 Growth Index, returned -1.27%.
- The fund underperformed the broader S&P 500 Index, which returned 1.22% for the month.

#### ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors
HELPED	Microsoft Corporation	Health Care (Stock Selection)
	UnitedHealth Group Incorporated	Financials (Stock Selection)
	Ares Management Corporation	Materials (Overweight)
HURT	Apple Inc.	Consumer Discretionary (Stock Selection)
	CrowdStrike Holdings, Inc. Class A	Consumer Staples (Stock Selection)
	Pinterest, Inc. Class A	Information Technology (Stock Selection)

- The rotation into more cyclical and defensive aspects of the market was a drag on many growth-oriented sectors in July. Although numerous technology-related stocks declined for the month, Apple's shares rose and contributed to the fund's absolute return. However, an underweight in the technology giant detracted from performance relative to the Russell 3000 Growth Index. Apple's share price hit an all-time high in mid-July following the company's announcement of a software overhaul that will bring AI features across its products.
- A global technology outage in mid-July caused by CrowdStrike Holdings' system-update error led to a sharp selloff of its stock. While the event was not due to a security breach and systems were eventually restored, the cybersecurity specialist's stock pullback continued for the remainder of the month.
- Supporting relative performance in the IT sector was an underweight in the declining shares of Microsoft. Despite reporting better-than-expected fiscal fourth-quarter financial results, the company's Azure cloud revenue fell short of analysts' expectations, pressuring its stock.

### Outlook & Strategy

- Macroeconomic conditions continue to be mixed in the United States, with generally strong corporate earnings and outlooks counterbalanced by moderating consumer spending and modestly rising unemployment. Inflation has been on a fairly steady easing pace in the United States over the past year, reinforcing our view that we could see one to two interest-rate cuts this year. We believe growth equities generally continue to be well-positioned relative to more cyclical and defensive stocks. While growth equities may see volatility in the near term, we believe they should enjoy a potentially improving backdrop 12–18 months from now, driven by strong secular growth themes and accelerating innovation taking place across virtually every economic sector.
- We are keeping a close eye on economic data, the geopolitical landscape and the US elections. In addition, equity valuations and company earnings estimates could be potential headwinds for equity markets, in our view. Nonetheless, our active management gives us the ability to act swiftly and effectively in today's dynamic investment landscape.
- We have been identifying opportunities in what we deem to be high-quality businesses that can benefit from lasting secular growth trends and potentially maintain leading competitive positions. Some investment themes include digital transformation, cloud computing, generative AI, health care innovation, personalised medicine, fintech and payment processing, and the transition to renewable energy.
- In terms of portfolio positioning, we remain growth focused but have continued to trim some of our mega-cap tech holdings amid share-price strength and reinvesting the proceeds into companies that, in our analysis, offer fairly consistent revenue and earnings growth and have high-quality attributes. Additionally, we continue to find companies in the mid- and large-cap tiers that we consider to be appealing on a growth and valuation basis.

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 31/07/2024 (Dividends Reinvested) (%)<sup>a</sup>

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
A (acc) USD	-2.45	7.88	15.79	24.10	0.84	11.76	11.60	4.99
Net of Sales Charge - A (acc) USD	-7.32	2.49	10.00	17.89	-0.87	10.62	11.03	4.77
A (acc) SGD	-3.84	5.63	17.26	24.71	0.36	11.13	12.36	8.43
Net of Sales Charge - A (acc) SGD	-8.64	0.35	11.40	18.48	-1.34	10.00	11.79	8.10
Russell 3000 Growth Index USD	-1.27	11.34	18.38	26.20	8.84	17.73	15.82	7.20
Russell 3000 Growth Index SGD	-2.67	9.02	19.90	26.87	8.35	17.08	16.62	11.70
S&P 500 Index USD	1.22	10.05	16.70	22.15	9.59	14.99	13.15	7.49
S&P 500 Index SGD	-0.22	7.76	18.20	22.79	9.10	14.35	13.93	9.63

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.

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

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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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