Franklin Templeton Investments (Asia) Limited
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This letter is important and requires your immediate attention.

If you are in doubt about the contents of this letter, you should seek independent professional advice.

Hong Kong, 12 September 2019

Dear Investor,

Franklin Templeton Investment Funds ("FTIF" or "Company")
Proposed merger of FTIF – Templeton Thailand Fund with FTIF – Templeton Asian Growth Fund

The purpose of this letter is to inform you about the upcoming merger of FTIF - Templeton Thailand Fund (the "**Merging Fund**") with FTIF - Templeton Asian Growth Fund (the "**Receiving Fund**").

This letter is intended for investors who hold shares of the Receiving Fund via an account with (i) Franklin Templeton Investments (Asia) Limited (the "**Hong Kong Representative**") or (ii) a duly authorized intermediary for the Hong Kong market.

Unless otherwise specified herein, capitalized terms used in this letter shall have the meanings assigned to such terms in the Explanatory Memorandum of the Company dated April 2019, as may be amended from time to time (the "**Current Explanatory Memorandum**").

1. Rationale and background for the merger

The Merging Fund was launched on 20 June 1997, and on 30 July 2019, it was valued at USD 168 million. The Receiving Fund was launched on 30 June 1991, and on 30 July 2019, it was valued at USD 3,035 million.

Thailand's economy faces several structural challenges, including a high household debt and rapidly aging population, which the board of directors of the Company ("**Board**") believes could dampen long-term growth and reduce the opportunity set for investors in Thai equities.

Comparatively, the Asia ex-Japan region provides a larger opportunity set, with several economies benefiting from stronger structural tailwinds than Thailand and thus more attractive growth potential in the medium to long term. Given the more positive outlook on Asia ex-Japan equities providing better investment opportunities for the Receiving Fund, the Board believes that shareholders of the Merging Fund should be able to benefit from the broader market exposure of the Receiving Fund.

The Merging Fund and the Receiving Fund share similar investment objectives (*i.e.*, capital appreciation over the medium to long term), the fundamental analysis approach to investing, investment management teams (*i.e.*, both funds have the same management company and investment manager), risk management process (*i.e.*, both funds share the same risk management process), risk profiles (*i.e.*, the Merging Fund and the Receiving Fund share similar levels of risk) and target investor profiles.

In addition, the Receiving Fund's larger size has resulted in a lower annual net expense ratio which would be a benefit for the Merging Fund, whose expense ratio is higher. The management fees for the Receiving Fund are also lower compared to the Merging Fund. Given the focus of the Merging Fund in Thailand, which is part of Asia, the portfolio of the Merging Fund also shares a reasonable overlap with that of the Receiving Fund. Due to the Merging Fund and the Receiving Fund sharing similar investment objectives, and target investor profiles, the Board believes that it is in the best interests[1] of shareholders to merge these funds and focus on a single portfolio offering economies of scale to existing shareholders of these funds.

A comparison of the expenses attributable to the share classes of the Merging Fund and the Receiving Fund is provided in the table below:

Share class of the Merging Fund	Ongoing charges figure* as of 30 July 2019	Corresponding share class of the Receiving Fund	Ongoing charges figure* as of 30 July 2019
Templeton Thailand Fund A (acc) USD	2.48%	Templeton Asian Growth Fund A (acc) USD	2.21%

** The ongoing charges figures stated above are based on the fund's actual expenses, and represent the total expenses charged to the fund expressed as a percentage of the fund's average net asset value for the 12 months ended 30 July 2019.*

The Board has therefore decided, in accordance with article 66(4) of the Luxembourg Law of 17 December 2010 on undertakings for collective investment, as amended (the "**2010 Law**") and article 28 of the articles of incorporation of the Company (the "**Articles**"), to merge the Merging Fund with the Receiving Fund.

2. Impact on shareholders and shareholders' rights

The merger is not expected to have any material adverse impact on the shareholders of the Receiving Fund and there are no changes in investment objectives, fee structure and other changes of the Receiving Fund.

In accordance with the standard valuation policy of all FTIF sub-funds and as part of the Company's commitment to protect the best interests of remaining shareholders, a swing pricing mechanism may be applied to the value of the Receiving Fund shares on the Effective Date. It may be adopted in the event of a significant subscription or redemption in the Receiving Fund on the Effective Date. Please refer to the Current Explanatory Memorandum for the details in respect of swing pricing.

The below table shows the corresponding share classes that will be merged:

Share class of the Merging Fund	ISIN	Corresponding share class of the Receiving Fund	ISIN
Templeton Thailand Fund A (acc) USD	LU0078275988	Templeton Asian Growth Fund A (acc) USD	LU0128522157

Shareholders of the Receiving Fund who do not wish to participate in the merger may redeem or switch their shares of the Receiving Fund, free from any charge by the Company, into shares of other sub-funds of FTIF that are authorized [2] by the Securities and Futures Commission of Hong Kong (the "**SFC**"), details of which are disclosed in the Current Explanatory Memorandum, no later than 5 December 2019, that is 6 business days before the Effective Date, at 4.00 p.m. (Hong Kong time).

As from 6 December 2019, shareholders in the Receiving Fund may continue to redeem or switch out their shares in accordance with the provisions of the Current Explanatory Memorandum.

Before investing in another SFC-authorized[2] sub-fund of FTIF, please ensure that you have read and understood the investment objective, policies and fees applicable to the relevant sub-fund as described in the Current Explanatory Memorandum.

Please note that although the Company will not charge shareholders of the Receiving Fund any redemption or switching fee for redemption and switching requests that reach the **Hong Kong Representative**, in some cases the relevant bank, investment adviser or other intermediary may charge switching and/or transaction fees. They may also have a local dealing cut-off time which is earlier than the dealing deadline described above. Shareholders of the Receiving Fund are recommended to check with their bank, investment adviser or other intermediary (if applicable) to ensure that their instructions reach the Hong Kong Representative before the dealing deadline above.

3. Merger Procedure

The merger is expected to become effective as of 13 December 2019 at midnight (Luxembourg time) (the "**Effective Date**").

[1] Please note that the Board did not examine the suitability of the merger in respect of shareholders' individual needs or risk tolerance. Shareholders are advised to seek independent financial / tax advice in respect of their individual circumstances.

[2] SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

On the Effective Date, the Merging Fund will transfer all its assets and liabilities (the "**Net Assets**") to the Receiving Fund. The Net Assets of the Merging Fund will be valued as of the Effective Date in accordance with the valuation principles contained in the Current Explanatory Memorandum and the Articles of the Company. The outstanding liabilities generally comprise fees and expenses due but not paid, as reflected in the Net Assets of the sub-funds. There are no outstanding unamortized preliminary expenses in relation to the Merging Fund.

It is not expected that the Receiving Fund's portfolio be rebalanced in the context of the merger nor is it expected that the Receiving Fund will suffer a dilution effect as a result of receiving the assets from the Merging Fund. In addition, and in the best interests of shareholders, it is anticipated as of the date of this letter that between 75% - 100% of the Merging Fund's assets under management will be transferred in kind to the Receiving Fund. The remaining 0% - 25% of the Merging Fund's assets, comprised primarily of securities that are considered by the Investment Manager to be less attractive relative to other opportunities within the broader investment universe of the Receiving Fund, will be sold down to cash and transferred to the Receiving Fund. The aforementioned percentages represent the Board's best estimation as of the date of this letter. To the extent that the disposal of the assets of the Merging Fund is undertaken, this will commence on 6 December 2019, a date that is 5 business days before the Effective Date of the merger, at the earliest. Any derivative positions that cannot be transferred over will be closed out in advance of the merger.

Any accrued income in the Merging Fund at the time of the merger will be included in the calculation of its final net asset value per share and such accrued income will be accounted for on an ongoing basis after the merger in the net asset value per share calculation in the relevant share class of the Receiving Fund.

4. Costs of the Merger

The expenses incurred in the merger, including legal, accounting, custody and other administrative costs will be borne by Franklin Templeton International Services S.à r.l., the management company of FTIF.

5. Tax impact

The merger will not subject the Merging Fund, the Receiving Fund or FTIF to taxation in Luxembourg. Investors may however be subject to taxation in their tax domiciles or other jurisdictions where they pay taxes.

Shareholders are not liable for Hong Kong tax in respect of any income or gains made on the redemption or switching of shares in the Receiving Fund in Hong Kong, unless the redemption or switching of shares is or forms part of a trade, profession or business carried on in Hong Kong, in which case the gains forming part of such business may be subject to Hong Kong profits tax.

As is always the case, any switch or redemption of your shares may affect your tax position. You should consult your professional advisers as to the possible tax or other consequences of buying, holding, transferring or selling any shares affected by the changes described above, under the laws of your country of citizenship, residence and domicile.

6. Availability of Documents

The common merger proposal, the Current Explanatory Memorandum, the product key facts statement of the Merging Fund and the Receiving Fund, the Articles, the unaudited accounts of FTIF for the period ending on 31 December 2018 and the 2010 Law are available from the Hong Kong Representative of FTIF, upon request, free of charge.

Upon request, copies of the report of the approved statutory auditor of FTIF relating to the merger may be obtained free of charge from the Hong Kong Representative of FTIF.

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The Management Company and the Board accept full responsibility for the accuracy of the information contained in this letter as at the date of its publication and confirms, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading.

If you require further information, please do not hesitate to contact your investment consultant, call our Investor Hotline at +852 2805 0111 or contact the Hong Kong Representative at 17/F, Chater House, 8 Connaught Road Central, Hong Kong. If you are not a duly authorized intermediary for the Hong Kong market, please be advised that you are not required to forward this letter to your end clients.

Yours faithfully,

Franklin Templeton Investments (Asia) Limited
富蘭克林鄧普頓投資(亞洲)有限公司
As Hong Kong Representative of the Company