



Franklin Templeton Investments  
(Asia) Limited  
富蘭克林鄧普頓投資(亞洲)有限公司  
17/F, Chater House  
8 Connaught Road Central  
Hong Kong  
t +852 2877-7733  
f +852 2877-5401  
www.franklintempleton.com.hk

**This letter is important and requires your immediate attention.  
If you are in doubt, please seek professional advice.**

4 August 2014

Dear Shareholder,

**Franklin Templeton Investment Funds (the “Company”)  
– Termination of Franklin Asian Flex Cap Fund (the “Fund”)**

The purpose of this letter is to inform you that, after careful analysis and review, the Board of Directors of the Company (the “**Directors**”) has decided to terminate the Fund with effect from 12 September 2014 (the “**Termination Date**”) or as soon as reasonably practicable thereafter.

The net assets of the Fund have fallen to below USD 20 million since July 2011 and were USD 10.35 million as at 31 July 2014. This is below the threshold at which the Directors are empowered to liquidate the Fund pursuant to Article 28 of the Articles of Incorporation of the Company (the “**Articles**”).

After careful consideration, the Directors have concluded that it is no longer in the interests of the Shareholders for the Fund to operate and have taken the decision to close the Fund given its relatively small size and limited prospects for growth. Accordingly, the Fund will be terminated on the Termination Date.

The Fund will no longer be marketed to the public in Hong Kong and will be closed to further subscriptions from the date of this letter.

The Fund will pay all the expenses relating to the termination of the Fund, which are expected to be approximately HKD 55,000 and have been accounted for in the net asset value of the Fund as at 1 July 2014.

The total expense ratios of the Class A (Acc) USD and Class B (Acc) USD share classes of the Fund as at 30 June 2014 are 1.98% and 3.23% respectively. The total expense ratio is the ratio of the total amount of expenses divided by the average net assets. The total expenses comprise the investment management fees, the administration and transfer agency fees, the custodian fees and other operating expenses. There are no unamortised preliminary expenses in the Fund.

**Action to be taken**

If you do not wish to continue to hold shares in the Fund, you may request, free of charge, until 4 p.m. on 11 September 2014 (Hong Kong time), the redemption of your shares of the Fund or the exchange of such shares into shares of other sub-funds of the Company that are authorized<sup>1</sup> by the Securities and Futures Commission of Hong Kong (“**SFC-authorized sub-funds**”), details of which are disclosed in the Explanatory Memorandum dated December 2010, as amended, of the Company (the “**Explanatory Memorandum**”).

The Company comprises a wide range of sub-funds catering for many different objectives. Exchanges of your existing holding may be made into other SFC-authorized sub-funds. If you choose to switch your Shares to a holding

<sup>1</sup> 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.

in another SFC-authorized sub-fund, the proceeds will be utilized to purchase shares in the sub-fund(s) specified by you at the prevailing share price applicable to the relevant sub-fund in accordance with the provisions of the Explanatory Memorandum. On receipt of your instructions, we will execute the switch for you in accordance with the provisions of the Explanatory Memorandum, free of any charge. Please note that although the Company will not charge you any fees for switching, in some cases your bank, investment adviser or other intermediary may charge you switching and/or transaction fees.

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

If you do not wish to switch your shares and would like to redeem and receive a cash payment, the redemption will be made free of charge in accordance with the provisions of the Current Explanatory Memorandum. Please return your instructions to the Hong Kong Representative at 17/F, Chater House, 8 Connaught Road Central, Hong Kong.

No redemption requests will be accepted after the Termination Date. Should you remain as a shareholder in the Fund as at the Termination Date, the Custodian will distribute the net cash proceeds available for the purpose of such distribution derived from the liquidation of the Fund's assets on a pro-rata basis to the number of shares held by you in the Fund.

### **Documents Available For Inspection**

The Hong Kong offering document (comprising the Explanatory Memorandum and the relevant Product Key Fact Statements), the Articles as well as the annual and semi-annual reports of the Company may be obtained free of charge from the Hong Kong representative.

### **Tax Implications**

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 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 of the Company's shares affected by the changes described above, under the laws of your country of citizenship, residence and domicile.

We appreciate your support and look forward to serving your future investment needs.

\* \* \* \* \*

The Management Company accepts responsibility for the accuracy of the contents of this letter.

If you require further information please do not hesitate to contact your investment consultant or call our Investor Hotline at +852 2805 0111.

Yours faithfully,

For and on behalf of  
**Franklin Templeton Investments (Asia) Limited**  
富蘭克林鄧普頓投資(亞洲)有限公司

  
David Chang  
Director