

**This letter is important and requires your immediate attention.**

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

18 February 2016

Dear Investor,

**Franklin Templeton Investment Funds (the “Company”) –  
Addition of co-investment managers to certain sub-funds of the Company (“Funds”)**

The purpose of this letter is to inform you of revisions to the Explanatory Memorandum dated December 2010, as amended, of the Company (the “**Current Explanatory Memorandum**”) in respect of the appointment of Franklin Templeton Investment Management Limited, Franklin Templeton Investimentos (Brasil) Ltda. and Templeton Asset Management Limited as co-investment managers of certain Funds, which will take effect on 1 April 2016.

**1. Franklin Asia Credit Fund**

The Management Company has delegated the portfolio management of Franklin Asia Credit Fund (“**FACF**”) to the existing investment managers, Franklin Advisers, Inc. and Franklin Templeton Institutional, LLC.

After reviewing the existing management structure of FACF, the Management Company has decided to appoint Templeton Asset Management Limited as an additional investment manager in order that FACF may benefit from the expertise of an investment manager based in Asia.

Under the new structure, Franklin Advisers, Inc., Franklin Templeton Institutional, LLC and Templeton Asset Management Limited will each be a co-investment manager of FACF. Each of the co-investment managers will be delegates of the Management Company and will manage the portions of the assets of FACF that are allocated to it, on a discretionary basis. The Management Company intends to allocate the assets of FACF approximately equally amongst the three co-investment managers.

Rest assured, these changes will have no impact on the investment objective and policy of FACF, nor the manner in which FACF is being managed. The investment team at Franklin Templeton Investments has always managed assets based on a team approach and FACF will continue to be managed according to the same principles. There will also be no change in the management fee level in respect of FACF.

As a result of these changes, the list of Investment Manager(s) for FACF as set out on page 3 of the 2015 Second Addendum dated October 2015 to the Current Explanatory Memorandum shall be amended by replacing the word ‘and’ with a comma, and by adding the words “and Templeton Asset Management Limited” immediately after “Franklin Templeton Institutional, LLC”.

## **2. Templeton Eastern Europe Fund**

The Management Company has delegated the portfolio management of Templeton Eastern Europe Fund (“TEEF”) to the existing investment manager, Templeton Asset Management Limited.

After reviewing the existing management structure of TEEF, the Management Company has decided to appoint Franklin Templeton Investment Management Limited as an additional investment manager in order that TEEF may benefit from the expertise of an investment manager based in Europe.

Under the new structure, Templeton Asset Management Limited and Franklin Templeton Investment Management Limited will each be a co-investment manager of TEEF. Each of the co-investment managers will be delegates of the Management Company and will manage the portions of the assets of TEEF that are allocated to it, on a discretionary basis. The Management Company intends to allocate the assets of TEEF between Templeton Asset Management Limited and Franklin Templeton Investment Management Limited based on their respective expertise in the investment region.

Rest assured, these changes will have no impact on the investment objective and policy of TEEF, nor the manner in which TEEF is being managed. The investment team at Franklin Templeton Investments has always managed assets based on a team approach and TEEF will continue to be managed according to the same principles. There will also be no change in the management fee level in respect of TEEF.

As a result of these changes, the list of Funds managed by Templeton Asset Management Limited as set out on page 87 of the Current Explanatory Memorandum shall be amended by adding the symbol “\*” immediately after the name of TEEF and adding the following footnote under the list:

*“\*Templeton Asset Management Limited has been appointed as a Co-Investment Manager of this Fund, together with Franklin Templeton Investment Management Limited.”*

The list of Funds managed by Franklin Templeton Investment Management Limited as set out on page 87 of the Current Explanatory Memorandum shall be amended by adding the words “Templeton Eastern Europe Fund\*,” at the top of the list, adding the following footnote as the first footnote under the list:

*“\*Franklin Templeton Investment Management Limited has been appointed as a Co-Investment Manager of this Fund, together with Templeton Asset Management Limited.”*

## **3. Templeton Frontier Markets Fund**

The Management Company has delegated the portfolio management of Templeton Frontier Markets Fund (“TFEF”) to the existing investment manager, Templeton Asset Management Limited.

After reviewing the existing management structure of TFEF, the Management Company has decided to appoint Franklin Templeton Investment Management Limited as an additional investment manager in order that TFEF may benefit from the expertise of an investment manager based in Europe.

Under the new structure, Templeton Asset Management Limited and Franklin Templeton Investment Management Limited will each be a co-investment manager of TFEF. Each of the co-investment managers will be delegates of the Management Company and will manage the portions of the assets of TFEF that are allocated to it, on a discretionary basis. The Management Company intends to allocate the assets of TFEF between Templeton Asset Management Limited and Franklin Templeton Investment Management Limited based on their respective expertise in frontier markets.

Rest assured, these changes will have no impact on the investment objective and policy of TFEF, nor the manner in which TFEF is being managed. The investment team at Franklin Templeton Investments has always managed assets based on a team approach and TFEF will continue to be managed according to the same principles. There will also be no change in the management fee level in respect of TFEF.

As a result of these changes, the list of Funds managed by Templeton Asset Management Limited as set out on page 87 of the Current Explanatory Memorandum shall be amended by adding the symbol “\*\*” immediately after the name of TFEF and adding the following footnote as the second footnote under the list:

*“\*\*Templeton Asset Management Limited has been appointed as a Co-Investment Manager of this Fund, together with Franklin Templeton Investment Management Limited.”*

The list of Funds managed by Franklin Templeton Investment Management Limited as set out on page 87 of the Current Explanatory Memorandum shall be amended by adding the words “Templeton Frontier Markets Fund\*\*,” immediately following the reference to “Templeton European Fund;”, adding the following footnote as the second footnote under the list:

*“\*\*Franklin Templeton Investment Management Limited has been appointed as a Co-Investment Manager of this Fund, together with Templeton Asset Management Limited.”*

#### **4. Templeton Latin America Fund**

The Management Company has delegated the portfolio management of Templeton Latin America Fund (“TLAF”) to the existing investment manager, Templeton Asset Management Limited.

After reviewing the existing management structure of TLAF, the Management Company has decided to appoint Franklin Templeton Investimentos (Brasil) Ltda. as an additional investment manager in order that TLAF may benefit from the expertise of an investment manager based in Latin America.

Under the new structure, Templeton Asset Management Limited and Franklin Templeton Investimentos (Brasil) Ltda. will each be a co-investment manager of TLAF. Each of the co-investment managers will be delegates of the Management Company and will manage the portions of the assets of TLAF that are allocated to it, on a discretionary basis. The Management Company intends to allocate the assets of TLAF between Templeton Asset Management Limited and Franklin Templeton Investimentos (Brasil) Ltda. based on their respective expertise in the investment region.

Rest assured, these changes will have no impact on the investment objective and policy of TLAF, nor the manner in which TLAF is being managed. The investment team at Franklin Templeton Investments has always managed assets based on a team approach and TLAF will continue to be managed according to the same principles. There will also be no change in the management fee level in respect of TLAF.

As a result of these changes, the list of Funds managed by Templeton Asset Management Limited as set out on page 87 of the Current Explanatory Memorandum shall be amended by adding the symbol “\*\*\*” immediately after the name of TLAF and adding the following footnote as the second footnote under the list:

*“\*\*\*Templeton Asset Management Limited has been appointed as a Co-Investment Manager of this Fund, together with Franklin Templeton Investimentos (Brasil) Ltda.”*

Franklin Templeton Investimentos (Brasil) Ltda. shall be included in the list of investment managers named in the fourth paragraph of page 2 and the first paragraph of page 86 of the Current Explanatory Memorandum. The following shall be inserted immediately before the list of Funds managed by Franklin Templeton Investment Management Limited on page 87 of the Current Explanatory Memorandum:

**“Franklin Templeton Investimentos (Brasil) Ltda. manages the following Fund:**

Templeton Latin America Fund\*;

*\*Franklin Templeton Investimentos (Brasil) Ltda. has been appointed as Co-Investment Manager of this Fund, together with Templeton Asset Management Limited.”*

The following shall be inserted under the heading “INVESTMENT MANAGERS” on page 89 of the Current Explanatory Memorandum:

“FRANKLIN TEMPLETON INVESTIMENTOS (Brasil) Ltda.  
Avenue Brigadeiro Faria Lima 3311, 5o andar,  
São Paulo 04538-133,  
Brazil”

\* \* \* \* \*

The Management Company accepts 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 its 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 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