

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.**

Hong Kong, 14 March 2018

Dear Investor,

**Franklin Templeton Investment Funds (the “Company”)
- Reduction in Investment Management Fee of Franklin Euro Government Bond Fund
(the “Fund”)**

This letter is intended for investors who hold shares of the Company 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 (collectively, “**Investors**”).

The purpose of this letter is to inform Investors of a reduction in the investment management fee of the Franklin Euro Government Bond Fund, which will take effect on 2 April 2018.

Unless otherwise specified herein, capitalized terms used in this letter shall have the meanings assigned to such terms in the Explanatory Memorandum dated September 2017, as amended, of the Company (the “**Explanatory Memorandum**”).

Effective 2 April 2018, the investment management fee applicable to Class A Shares of the Franklin Euro Government Bond Fund will be reduced by 0.15% per annum.

The resulting lower investment management fee is listed in the table below:

Share Class	Existing Investment Management Fee (per annum; based on the applicable adjusted daily net asset value of the Shares)	Reduced Investment Management Fee with effect from 2 April 2018 (per annum; based on the applicable adjusted daily net asset value of the Shares)
Class A Shares	0.50%	0.35%

Other than as set out above, the change set out in this letter is not expected to give rise to any change in the fee level or fee structure of the Fund, or any additional costs and expenses for Shareholders of the Company. Any additional costs and expenses arising from the change (other than the cost of publishing this letter, which is estimated to be approximately HKD 1,000 and which will be charged to the Fund) will be borne by the Management Company.

The change set out in this letter will not have any material adverse impact on the interests of the Fund’s investors and is not expected to materially prejudice the rights or interests of Shareholders of the Fund.

The Management Company and the Board of Directors accept full responsibility for the accuracy of the information contained in this letter as at the date of its publication and confirm, 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.

The Explanatory Memorandum and the product key facts statement of the Fund (which are available for download from the Hong Kong Representative's website at www.franklintempleton.com.hk[†]) will be updated for the change described above. An updated version of the Hong Kong offering documents of the Company will also be made available at the office of the Hong Kong Representative in due course.

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

[†] The information in the website has not been reviewed by the Securities and Futures Commission.