

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, 27 April 2018

Dear Investor,

**Franklin Templeton Investment Funds (the “Company”)
Changes to the investment management structure of certain sub-funds (“Funds”)**

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 changes to the investment management structure of certain Funds of the Company, which will take effect on 4 June 2018.

Unless otherwise specified herein, capitalized terms used in this letter shall have the meanings assigned to such terms in the Explanatory Memorandum dated April 2018 of the Company (the “**Explanatory Memorandum**”).

Currently, the Management Company (Franklin Templeton International Services S.à r.l.) has delegated the portfolio management of the Funds which are listed in the column of the table below headed “Fund” (the “**Affected Funds**”) to certain investment management entities within Franklin Templeton Investments which are listed in the column of the table below headed “Existing Investment Manager(s)”. Pursuant to the rationale indicated in the table below, the investment management structure of the Affected Funds will be revised such that there will be a change in the existing investment managers, as follows:

Fund	Existing Investment Manager(s)	New Investment Manager(s) (with effect from 4 June 2018)	Rationale for change(s)
Templeton Global Balanced Fund	Franklin Advisers, Inc. and Franklin Templeton Investment Management Limited	Franklin Advisers, Inc. and Franklin Templeton Investments Australia Limited* (which replaces Franklin Templeton Investment Management Limited)	The proposed change is being made pursuant to an internal reorganization of investment personnel responsible for the investment management of the Fund.

Fund	Existing Investment Manager(s)	New Investment Manager(s) (with effect from 4 June 2018)	Rationale for change(s)
Templeton Global Equity Income Fund	Franklin Templeton Investment Management Limited	Franklin Templeton Investments Australia Limited*	The proposed change is being made pursuant to an internal reorganization of investment personnel responsible for the investment management of the Fund.

**Franklin Templeton Investments Australia Limited is primarily regulated by the Australian Securities and Investments Commission and holds an Australian Financial Services license authorizing it to operate registered managed investment schemes that invest in financial assets. It is currently not acting as a discretionary investment manager of other existing funds that are authorized by the SFC.*

Franklin Templeton International Services S.à r.l., Franklin Advisers, Inc., Franklin Templeton Investment Management Limited and Franklin Templeton Investments Australia Limited are all wholly-owned subsidiaries of Franklin Resources, Inc.

Upon the coming into effect of the changes set out above, the Management Company will, at all times, delegate the discretionary investment management function of the Affected Funds to the investment managers listed in the column of the table above headed “New Investment Manager(s)”.

As the delegate of the Management Company, Franklin Templeton Investments Australia Limited will perform a discretionary investment function and manage, at all times:

- (in respect of the Templeton Global Balanced Fund) a portion of the assets of the Fund that are allocated to it, with the remaining portion to be managed by Franklin Advisers, Inc.; and
- (in respect of the Templeton Global Equity Income Fund) 100% of the assets of the Fund.

Rest assured, the changes listed above will have no impact on the investment objectives and policies of the Affected Funds. Other than the delegation by the Management Company of the discretionary investment function to Franklin Templeton Investments Australia Limited (which will replace Franklin Templeton Investment Management Limited as the investment manager and/or co-investment manager of the Affected Funds, as the case may be), there are no changes to the operation and/or the manner in which the Affected Funds are being managed. There will be no material change or increase in the overall risk profile of the Affected Funds following the changes to their investment management structure. The investment team at Franklin Templeton Investments has always managed assets based on a team approach and the Affected Funds will continue to be managed according to the same principles.

The Explanatory Memorandum and the product key facts statements of the Affected Funds will be updated for the changes described above.

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The changes set out in this letter are not expected to give rise to any change in the fee level or fee structure of the Affected Funds, or any additional costs and expenses for Shareholders of the Affected Funds. Any additional costs and expenses arising from the changes (other than the cost of publishing this letter, which is estimated to be approximately HKD 200,000 and which will be charged and allocated to the Affected Funds based on the pro rata share of the Net Asset Value of the Affected Funds) will be borne by the Management Company.

The changes set out in this letter will not have any material adverse impact on the interests of the Affected Funds' investors and are not expected to materially prejudice the rights or interests of Shareholders of the Affected Funds. Shareholders of the Affected Funds who do not agree with the changes set out in this letter may redeem or switch their shares free from any charge by the Company, into shares of other Funds that are authorized[†] by the SFC, details of which are disclosed in the Explanatory Memorandum, during the period commencing on 27 April 2018 and ending on 1 June 2018 at 4.00 p.m. (Hong Kong time).

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

Please note that although the Company will not charge shareholders any redemption or switching fee for redemption and switching requests that reach the Hong Kong Representative of the Company, 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 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.

Please also note that "free of any charge" does not apply to Class B shares that are subject to the contingent deferred sales charge ("CDSC"), due to the nature of such fee. Accordingly, should shareholders decide to redeem any shares subject to a CDSC, such redemption will be subject to the applicable CDSC, as more fully disclosed in the Explanatory Memorandum.

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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 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.

An updated version of the Hong Kong offering documents of the Company will be 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

[†] 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.