

**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, 28 February 2018

Dear Investor,

**Franklin Templeton Investment Funds (the “Company”)  
- Changes to the investment management structure of certain 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 the following Funds of the Company which will take effect from 31 March 2018:

- Templeton BRIC Fund
- Templeton Eastern Europe Fund
- Templeton Emerging Markets Balanced Fund
- Templeton Emerging Markets Fund
- Templeton Frontier Markets Fund

(collectively, the “**Affected Funds**”).

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**”).

Currently, the Management Company (Franklin Templeton International Services S.à r.l.) has, at all times, delegated the portfolio management of 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 management structure”. Pursuant to an internal reorganization of investment personnel responsible for the investment management of the Affected Funds, the investment management structure of the Affected Funds will be revised such that there will be a change in certain of the existing investment managers, as follows:

<b>Fund</b>	<b>Existing investment management structure</b>	<b>Revised investment management structure (with effect from 31 March 2018)</b>
Templeton BRIC Fund	<u>Investment Manager</u> Franklin Templeton Investment Management Limited  <u>Sub-Manager</u> Templeton Asset Management Ltd.	<u>Investment Manager</u> <sup>1</sup> Franklin Templeton Investments (Asia) Limited <sup>3</sup> ( <i>new</i> )  <u>Sub-Manager</u> <sup>1, 2</sup> Templeton Asset Management Ltd. <sup>4</sup> ( <i>existing sub-manager; it will become the delegate of Franklin Templeton Investments (Asia) Limited instead of Franklin Templeton Investment Management Limited</i> )
Templeton Eastern Europe Fund	<u>Investment Manager</u> Franklin Templeton Investment Management Limited	<u>Investment Manager</u> <sup>1</sup> Franklin Templeton Investments (Asia) Limited <sup>3</sup> ( <i>new</i> )
Templeton Emerging Markets Fund	<u>Investment Manager</u> Franklin Templeton Investment Management Limited  <u>Sub-Manager</u> Templeton Asset Management Ltd.	<u>Investment Manager</u> <sup>1</sup> Franklin Templeton Investments (Asia) Limited <sup>3</sup> ( <i>new</i> )  <u>Sub-Manager</u> <sup>1, 2</sup> Templeton Asset Management Ltd. <sup>4</sup> ( <i>existing sub-manager; it will become the delegate of Franklin Templeton Investments (Asia) Limited instead of Franklin Templeton Investment Management Limited</i> )
Templeton Emerging Markets Balanced Fund	<u>Investment Manager</u> Franklin Advisers, Inc. and Franklin Templeton Investment Management Limited  <u>Sub-Manager</u> Templeton Asset Management Ltd.	<u>Investment Manager</u> <sup>1</sup> Franklin Advisers, Inc. <sup>5</sup> ( <i>existing investment manager</i> )  <u>Sub-Manager</u> <sup>1, 2</sup> Templeton Asset Management Ltd. <sup>4</sup> ( <i>existing sub-manager; it will become the delegate of Franklin Advisers, Inc. instead of Franklin Templeton Investment Management Limited</i> )

<b>Fund</b>	<b>Existing investment management structure</b>	<b>Revised investment management structure (with effect from 31 March 2018)</b>
Templeton Frontier Markets Fund	<u>Investment Manager</u> Franklin Templeton Investment Management Limited  <u>Sub-Manager</u> Franklin Templeton Investments (ME) Limited	<u>Investment Manager</u> <sup>1</sup> Franklin Templeton Investments (Asia) Limited <sup>3</sup> (new)  <u>Sub-Manager</u> <sup>1, 2</sup> Franklin Templeton Investments (ME) Limited <sup>6</sup> (existing sub-manager; it will become the delegate of Franklin Templeton Investments (Asia) Limited instead of Franklin Templeton Investment Management Limited)

<sup>1</sup> Each investment manager/sub-manager under the revised investment management structure currently acts as a discretionary investment manager or sub-manager of other existing funds that are authorised by the Securities and Futures Commission (“SFC”). 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.

<sup>2</sup> As the delegate of the investment manager, the sub-manager will perform a discretionary investment function and manage the portion of the assets of the Affected Fund that is allocated to it. It is envisaged that (i) the management of up to 100% of the assets of the Templeton BRIC Fund, the Templeton Emerging Markets Fund and the Templeton Frontier Markets Fund will be delegated to its sub-manager; and (ii) the management of approximately half of the assets of the Templeton Emerging Markets Balanced Fund will be delegated to its sub-manager while the remaining assets of this Fund will be managed by the investment manager.

<sup>3</sup> Primarily regulated by the Securities and Futures Commission of Hong Kong.

<sup>4</sup> Primarily regulated by the Monetary Authority of Singapore.

<sup>5</sup> Primarily regulated by the Securities and Exchange Commission of the United States of America.

<sup>6</sup> Primarily regulated by the Dubai Financial Services Authority.

Franklin Templeton International Services S.à r.l., Franklin Advisers, Inc., Franklin Templeton Investment Management Limited, Franklin Templeton Investments (Asia) Limited, Templeton Asset Management Ltd. and Franklin Templeton Investments (ME) 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, which will in turn further delegate the discretionary investment management function to the sub-managers, listed in the column of the table above headed “Revised investment management structure”.

Rest assured, the changes listed above will have no impact on the investment objectives and policies or the risk profiles of the Affected Funds, nor the manner in which they are being managed. 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 changes set out in this notice 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 Company.

Any additional costs and expenses arising from the changes (other than the cost of publishing this notice, which is estimated to be approximately HKD 300,000 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 notice are not expected to have any material adverse impact on shareholders. Shareholders who do not agree with the changes set out in this notice 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 current Explanatory Memorandum, no later than 29 March 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 current Explanatory Memorandum.

Please note that although the Company will not charge shareholders any redemption fee for redemption 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.

\* \* \* \* \*

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.