Templeton Asset Management Ltd
7 Temasek Boulevard, #38-03
Suntec Tower One, Singapore 038987
tel +65 6241 2662
fax +65 6332 2295
franklintempleton.com.sg
Regn no. (UEN) 199205211E

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FRANKLIN TEMPLETON INVESTMENT FUNDS ("**FTIF**" or the "**Company**")
Subject: Merger of FTIF – Franklin Select U.S. Equity Fund into FTIF – Franklin U.S. Opportunities Fund (the "Merger")

Dear Shareholder,

The purpose of this letter is to inform you about the decision of the board of directors of the Company (the "**Board**") to merge FTIF – Franklin Select U.S. Equity Fund (the "**Merging Sub-Fund**") into FTIF – Franklin U.S. Opportunities Fund (the "**Receiving Sub-Fund**"). The Receiving Sub-Fund is included in the CPF Investment Scheme.

Following the Merger, the Merging Sub-Fund shall be dissolved without going into liquidation.

We are writing to you in your capacity as a shareholder of the Receiving Sub-Fund.

Why are we doing this?

- **Background and rationale**

The Merging Sub-Fund was launched in July 1999 and on 15 June 2020 it was valued at USD 350 million. The Board believes that the smaller size of the Merging Sub-Fund makes it economically unattractive to run as an independent entity. The Receiving Sub-Fund was launched in April 2000 and on 15 June 2020 it was valued at USD 5.05 billion.

Based on the above and below mentioned information, the Board has decided, in accordance with Article 66(4) of the amended Law of 17 December 2010 on undertakings for collective investment (the "**2010 Law**") and Article 28 of the articles of incorporation of the Company (the "**Articles**"), to merge the Merging Sub-Fund into the Receiving Sub-Fund.

However, please note that the Board did not examine the suitability of the Merger in respect of shareholders' individual needs or risk tolerance. Shareholders are advised to seek independent financial / tax advice in respect of their individual circumstances.

- **Comparison between the Merging Sub-Fund and the Receiving Sub-Fund**

The Merging Sub-Fund invests principally in US equity securities, in a more concentrated portfolio of approximately 20–50 companies and seeks individual securities with superior risk-return characteristics, taking into account both future growth potential and valuation considerations, whereas the Receiving Sub-Fund invests principally in equity securities of US companies demonstrating accelerating growth, increasing profitability, or above-average growth or growth potential as compared with the overall economy.

Because both the Merging Sub-Fund and the Receiving Sub-Fund share similar investment objectives (capital appreciation), fees and expenses, and target investor profiles, the Board believes that it is in the best interests of shareholders to merge these Sub-Funds and focus on a single portfolio. As of 16 June 2020, 70.49% of the Merging Sub-Fund portfolio is invested in securities already held in common with the Receiving Sub-Fund. Also, as of 31 May 2020, the Receiving Sub-Fund has demonstrated superior absolute and risk-adjusted returns over all standard trailing time periods.

- **Fees**

There are similarities between the fees charged to the Merging Sub-Fund and the Receiving Sub-Fund. It is anticipated that merging the Sub-Funds and focusing on a single portfolio shall bring additional savings to shareholders.

What does this mean to you?

- **Merger operation:** Following the Effective Date (as defined below), the Merging Sub-Fund shall be dissolved without going into liquidation and its assets and liabilities will be merged into the Receiving Sub-Fund.

- **Portfolio effects:** It is not contemplated that the portfolio of the Receiving Sub-Fund be rebalanced before or after the Merger nor it is expected that the Receiving Sub-Fund will suffer a dilution effect as a result of receiving the assets and liabilities from the Merging Sub-Fund.

- If you do not agree with the Merger, as a Central Provident Fund (**"CPF"**) investor, you will have the option to:

    i. redeem your holdings in the Receiving Sub-Fund, free from any charge, no later than 5 November 2020, 4pm Singapore time.

    ii. switch, free from any charge, no later than 5 November 2020, 4pm Singapore time, into any of the following Funds that are included on CPF Investment Scheme and as may be carried by your distributor or financial adviser:

        a. FTIF – Franklin India Fund AS (acc) SGD
        b. Franklin Templeton Shariah Funds – Templeton Shariah Global Equity Fund AS (acc) SGD

    (hereinafter collectively referred to as the "AS Share Classes")

You may obtain more details on the AS Share Classes in the Singapore Franklin Templeton Investment Funds and Franklin Templeton Shariah Funds Prospectuses. **Any transaction charges imposed by the CPF agent banks under option (i) and (ii) will be borne by us.**

If you choose to redeem or switch your holdings in the Receiving Sub-Fund into the AS Share Classes, please do so with your distributor or financial adviser through whom you had subscribed.

If you would like to remain invested in the Receiving Sub-Fund, you are not required to take any action.

- **Financial / Tax Advice**: The Merger will not subject the Sub-Funds nor FTIF to taxation in Luxembourg. You may however be subject to taxation in your tax domicile or other jurisdictions where you pay taxes. We suggest you seek financial and/or tax advice to determine how this Merger impacts your own situation.

How will the Merger work?

- **Effective Date:** The Merger will become effective on 13 November 2020 at midnight (Luxembourg time), (the "**Effective Date**").

- **Process:** On the Effective Date, the Merging Sub-Fund will transfer all its assets and liabilities to the Receiving Sub-Fund. The Net Assets of the Merging Sub-Fund will be valued as of the Effective Date in accordance with the valuation principles contained in the Prospectus and the Articles. The outstanding liabilities generally comprise fees and expenses due but not paid, as reflected in the Net Assets of the Merging Sub-Fund. There are no outstanding unamortized preliminary expenses in relation to the Merging Sub-Fund.

  An estimated 70-100% of the Merging Sub-Fund's assets will move over to the Receiving Sub-Fund. The remaining assets will be sold, and the proceeds will be added into the Receiving Sub-Fund. The actual percentage of assets transferred in kind and sold for cash may be different, depending on the market conditions on or around the Effective Date. Any derivative positions that cannot be transferred over will be closed out in advance of the Merger. Swing pricing may also be used. The swing pricing mechanism may be adopted in the event of a significant subscription or redemption in the Receiving Sub-Fund on the Effective Date. Please see the Prospectus for more details on this.

  Any accrued income in the Merging Sub-Fund at the time of the Merger will be included in the calculation of its final net asset value per share and such accrued income will be accounted for on an ongoing basis after the Merger in the net asset value per share of the relevant share class of the Receiving Sub-Fund.

- **Costs of the Merger**

The expenses incurred in the Merger, including legal, accounting, custody and other administration costs will be borne by Franklin Templeton International Services S.à r.l., the management company of FTIF.

- **After the Merger**

As from 16 November 2020, shareholders in the Receiving Sub-Fund may continue to redeem, transfer or switch out their shares in accordance with the provisions of the Prospectus.

- **Availability of Documents**

The common merger proposal, the most recent Prospectus and the relevant Product Highlights Sheets are available at Templeton Asset Management Ltd., upon request, free of charge.

Upon request, copies of the report of the approved statutory auditor of FTIF relating to the Merger may be obtained free of charge at Templeton Asset Management Ltd.

Copies of material contracts of FTIF may be obtained and/or inspected free of charge at Templeton Asset Management Ltd.

If you have any queries about the proposed Merger or require any further information, please do not hesitate to contact your distributor or financial adviser, or our Client Services Executives at (65) 6337 3933.

On behalf of Templeton Asset Management Ltd.,

Terence Bong
Head of Wholesale, Southeast Asia