FRANKLIN TEMPLETON

FRANKLIN TEMPLETON INVESTMENT FUNDS
Société d'investissement à capital variable

Registered office: 8A, rue Albert Borschette,
L-1246 Luxembourg,
Grand Duchy of Luxembourg
R.C.S. Luxembourg B 35 177
("**FTIF**" or the "**Company**")

Luxembourg, 27 July 2020

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**").

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

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. Given the Merging Sub-Fund's smaller size, the Board believes it is no longer economically attractive 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 which demonstrate accelerating growth, increasing profitability, 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, which will offer economies of scale to existing shareholders of these Sub-Funds. 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.

The similarities and differences between the Merging Sub-Fund and the Receiving Sub-Fund are further detailed in Appendix I. For a complete description of the investment objectives and policies and related risks of the Receiving Sub-Fund, please refer to the current prospectus of FTIF (the "**Prospectus**") and the attached Product Highlights Sheets ("**PHSs**") of the Receiving Sub-Fund, which we invite you to carefully read.

- **Fees**

The fees charged to the Merging Sub-Fund and the Receiving Sub-Fund are similar. More information in relation to the fees charged to the Merging and Receiving Sub-Funds is described hereafter.

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. Upon the Effective Date, if you have not requested redemption, switch or transfer of your shares, you will become a shareholder of the Receiving Sub-Fund and will receive the corresponding class of the Receiving Sub-Fund as further detailed in the table below.

- **Portfolio Effects:** It is not contemplated that the portfolio of the Merging Sub-Fund be materially rebalanced before or after the Merger. In the best interests of shareholders, it is expected that a substantial portion of the Merging Sub-Fund's portfolio will be transferred in kind to the Receiving Sub-Fund's portfolio. The investment manager of the Receiving Sub-Fund will review any new holdings received and may decide to reposition these within the Receiving Sub-Fund's portfolio. It is not expected that this will have a material impact on the Receiving Sub-Fund's shareholders.

- **Redeem, Switch or Transfer:** If you don't want to participate in the Merger, you can redeem your shares, switch them into any another sub-fund of FTIF (as long as the other sub-fund is available in your jurisdiction) or transfer them free of charge, at net asset value price, until 6 business days before the Effective Date, i.e. 5 November 2020 included (before local dealing cut-off time), according to the redemption, switch or transfer procedure detailed in the Prospectus.

  Please note that, where applicable, a Contingent Deferred Sales Charge ("**CDSC**") may apply with either a redemption or switch in accordance with the Prospectus. The holding period for share classes in the Merging Sub-Fund subject to CDSC is measured from the date that such share class was initially acquired in the Merging Sub-Fund or in another sub-fund of FTIF as the case may be.

  The holding period of the Merging Sub-Fund's share classes subject to CDSC that will be merged into the relevant share classes of the Receiving Sub-Fund also subject to CDSC, will not be affected as a consequence of the Merger.

  Please consult your financial advisor or contact us if you have questions about this.

- **Before the Merger:** Some restrictions will be applied to the Merging Sub-Fund to prepare for the Merger. This means:

  a) No new investors will be accepted from the date of this letter.

  b) No new purchases will be accepted starting 5 business days before the Effective Date, i.e. 6 November 2020 included.

  c) No redemptions, switches and transfers will be accepted starting 5 business days before the Effective Date, i.e. 6 November 2020 included.

- **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.

Here's what will merge:

Merging Share Class	CUSIP	ISIN	Receiving Share Class	CUSIP	ISIN
A (acc) EUR	L4058S280	LU0139291818	A (acc) EUR	L4058Y352	LU0260869739
A (acc) EUR-H1	L4058T775	LU0211333967	A (acc) EUR-H1	L40592138	LU0316494391
A (acc) HKD	L4059D423	LU0708995070	A (acc) HKD	L4059D399	LU0708995401
A (acc) USD	L90262335	LU0098860363	A (acc) USD	L4058R217	LU0109391861
B (acc) USD*	L90262343	LU0098863896	B (acc) USD*	L4058R258	LU0109391945
C (acc) USD	L4058S538	LU0152907068	C (acc) USD	L4058Y329	LU0260872956
I (acc) EUR	L4058T700	LU0195950216	I (acc) EUR	L4058Y337	LU0260870075
I (acc) EUR-H1	L40593235	LU0366763539	I (acc) EUR-H1	L40592146	LU0316494474
I (acc) USD	L4058T304	LU0181995647	I (acc) USD	L4058T494	LU0195948665
N (acc) EUR	L4058S298	LU0139292113	N (acc) EUR	L4058Y345	LU0260869903
N (acc) EUR-H1	L4062L214	LU1329005158	N (acc) EUR-H1	L4059C581	LU0592650831
N (acc) USD	L4058R159	LU0109402494	N (acc) USD	L4058T452	LU0188150956
W (acc) EUR	L40597442	LU0959060103	W (acc) EUR	L4060H108	LU0976564442
W (acc) USD	L40594852	LU1929549324	W (acc) USD	L40596550	LU0792612466
Z (acc) USD	L4061W484	LU1236102536	Z (acc) USD	L40596121	LU0476944425

* Class B shares are no longer issued.

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 sub-funds. There are no outstanding unamortized preliminary expenses in relation to the Merging Sub-Fund.

  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.

  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.

The below table shows the applicable charges for each of the share classes:

Merging Sub-Fund

Merging Sub-Fund Share Class Name	Initial Charge – Up to	Investment Management Fee	Management Company Fee – Up to	Maintenance Fee	Other Fees (including Custodian Fee)	Ongoing Charges Ratio (OCR)
A (acc) EUR	5.75%	1.00%	0.20%	0.50%	N/A	1.81%
A (acc) EUR-H1	5.75%	1.00%	0.20%	0.50%	N/A	1.82%
A (acc) HKD	5.75%	1.00%	0.20%	0.50%	N/A	1.83%
A (acc) USD	5.75%	1.00%	0.20%	0.50%	N/A	1.82%
B (acc) USD	N/A*	1.00%	0.20%	0.75%	N/A	3.13%
C (acc) USD	N/A*	1.00%	0.20%	1.08%	N/A	2.40%
I (acc) EUR	N/A	0.70%	0.20%	N/A	N/A	0.96%
I (acc) EUR-H1	N/A	0.70%	0.20%	N/A	N/A	0.96%
I (acc) USD	N/A	0.70%	0.20%	N/A	N/A	0.96%
N (acc) EUR	3.00%	1.00%	0.20%	1.25%	N/A	2.57%
N (acc) EUR-H1	3.00%	1.00%	0.20%	1.25%	N/A	2.57%
N (acc) USD	3.00%	1.00%	0.20%	1.25%	N/A	2.57%
W (acc) EUR	N/A	0.70%	0.20%	N/A	N/A	1.00%
W (acc) USD	N/A	0.70%	0.20%	N/A	N/A	1.00%
Z (acc) USD	N/A	1.00%	0.20%	N/A	N/A	1.35%

* No entry charge is applied but a Contingent Deferred Sales Charge may be applied.

Receiving Sub-Fund

Receiving Sub-Fund Share Class Name	Initial Charge – Up to	Investment Management Fee	Management Company Fee	Maintenance Fee	Other Fees (including Custodian Fee)	Ongoing Charges Ratio (OCR)
A (acc) EUR	5.75%	1.00%	0.20%	0.50%	N/A	1.81%
A (acc) EUR-H1	5.75%	1.00%	0.20%	0.50%	N/A	1.82%
A (acc) HKD	5.75%	1.00%	0.20%	0.50%	N/A	1.82%
A (acc) USD	5.75%	1.00%	0.20%	0.50%	N/A	1.81%
B (acc) USD	N/A*	1.00%	0.20%	0.75%	N/A	3.12%
C (acc) USD	N/A*	1.00%	0.20%	1.08%	N/A	2.39%
I (acc) EUR	N/A	0.70%	0.20%	N/A	N/A	0.85%
I (acc) EUR-H1	N/A	0.70%	0.20%	N/A	N/A	0.85%
I (acc) USD	N/A	0.70%	0.20%	N/A	N/A	0.85%
N (acc) EUR	3.00%	1.00%	0.20%	1.25%	N/A	2.56%
N (acc) EUR-H1	3.00%	1.00%	0.20%	1.25%	N/A	2.57%
N (acc) USD	3.00%	1.00%	0.20%	1.25%	N/A	2.56%
W (acc) EUR	N/A	0.70%	0.20%	N/A	N/A	0.90%
W (acc) USD	N/A	0.70%	0.20%	N/A	N/A	0.90%
Z (acc) USD	N/A	1.00%	0.20%	N/A	N/A	1.2%

* No entry charge is applied but a Contingent Deferred Sales Charge may be applied.

- **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:

- **Value of your shares:** We will send you a statement showing the number of shares you received further to the Merger. While the **number** of shares may differ from what you had in the Merging Sub-Fund, the **value** of your shares will be the same immediately following the Merger. The number of shares to be allocated to shareholders of the Merging Sub-Fund will be based on the respective net asset value per share of the Sub-Funds as at the Effective Date and will be determined by multiplying the number of shares held in the relevant class of the Merging Sub-Fund by the exchange ratio. The exchange ratio for each class will be calculated by dividing the net asset value per share of such class in the Merging Sub-Fund calculated on the Effective Date by the net asset value per share in the corresponding share class in the Receiving Sub-Fund calculated at the same time on the Effective Date.
- **Regular Savings Plans (“RSPs”) and Systematic Withdrawal Plans (“SWPs”):** RSPs and SWPs will continue automatically in the Receiving Sub-Fund after the Merger.

Your Rights: You will still be invested in a Luxembourg regulated investment company with the same rights that you had in the Merging Sub-Fund including voting and the ability to request transactions on your account.

As from the day following the Effective Date, if you have participated in the Merger and become shareholders of the Receiving Sub-Fund, you may be able to exercise your rights as shareholders of the Receiving Sub-Fund and participate and exercise the voting rights of the shares you have received in the Receiving Sub-Fund in shareholder meetings, instruct redemption and conversion of your shares on any dealing day and may, depending on your share class, be eligible for distributions in accordance with the Articles.

- **Availability of Documents**

The common merger proposal, the most recent Prospectus and the relevant PHSs (as appended to the present notice in Appendix II) are available at the registered office of FTIF, 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 the registered office of FTIF.

Copies of material contracts of FTIF may be obtained and/or inspected free of charge at the registered office of FTIF.

Questions? There’s more information in the Appendix I below. You can also contact us or your financial advisor for additional documents or to answer any questions you may have.

Signed by William Lockwood
For and on behalf of
FRANKLIN TEMPLETON INVESTMENT FUNDS

Director of Franklin Templeton Investment Funds

APPENDIX I

COMPARISON OF KEY FEATURES OF FTIF – Franklin Select U.S. Equity Fund (the "Merging Sub-Fund") and FTIF – Franklin U.S. Opportunities Fund (the "Receiving Sub-Fund")

Shareholders are invited to refer to the Prospectus for more information on the respective features of the Merging Sub-Fund and the Receiving Sub-Fund.

Unless stated otherwise, the terms used in this Appendix I are as defined in the Prospectus.

PRODUCT FEATURES	THE MERGING SUB-FUND	THE RECEIVING SUB-FUND
Name of the sub-fund	FTIF – Franklin Select U.S. Equity Fund	FTIF – Franklin U.S. Opportunities Fund
Name of the Fund	Franklin Templeton Investment Funds	
Reference Currency Of The Sub-Funds	USD	
Reference Currency of the Fund	USD	
Financial year	1 July to 30 June	
Annual General Meeting	30 November	
I. INVESTMENT OBJECTIVES AND POLICIES AND RELATED RISKS		
Investment Objective and Policies	**Investment Objectives** The Fund's primary investment objective is capital appreciation. **Investment Policy** The Fund's investment strategy is to invest principally in US equity securities, including common and preferred stocks, or securities convertible into common stocks, as well as American Depository Receipts and American Depository Shares (of companies based outside the US) that are listed on the major US stock exchanges. The Investment Manager employs an active, bottom-up fundamental research process to search for individual securities believed to possess superior risk-return characteristics, taking into account both future growth potential and valuation considerations. This generally includes an assessment by the Investment Manager of the potential impacts of material environmental, social and governance factors on the long-term risk and return profile of a company. The Fund generally seeks to maintain a portfolio consisting of securities of approximately 20-50 companies. This strategy is applied in a diversified manner, enabling the Investment Manager to search in all areas of the US stock market, including any market capitalisation size, sector and industry. The Fund may also, from time to time, invest up to 10% of its net assets in equity securities of companies based outside the US that are not listed on the major US stock exchanges.	**Investment Objectives** The Fund's investment objective is capital appreciation. **Investment Policy** The 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. Equity securities generally entitle the holder to participate in a company's general operating results. They include common stocks, convertible securities and warrants on securities. The Fund principally invests in small, medium, and large-capitalisation companies with strong growth potential across a wide range of sectors. In selecting equity investments, the Investment Manager utilises fundamental, bottom-up research focusing on companies believed to possess sustainable growth characteristics and which meet growth, quality and valuation criteria. The Investment Manager focuses on sectors that have exceptional growth potential and fast-growing, innovative companies within these sectors. In addition, solid management and sound financial records are factors the Investment Manager also considers. Although the Investment Manager searches for investments across a large number of sectors, the Fund, from time to time, may have significant positions in particular sectors such as technology (including electronic technology, technology services, biotechnology and health care technology).

PRODUCT FEATURES	THE MERGING SUB-FUND	THE RECEIVING SUB-FUND
	On an ancillary basis, the Fund may employ hedging techniques and hold cash reserves from time to time. In order to hedge against market or currency risk and/or for efficient portfolio management, the Fund may enter into derivative transactions, such as forwards and futures contracts or options on such contracts. **Exposure to securities lending transactions** The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.	**Exposure to securities lending transactions** The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.
Investor Profile	Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to: • capital appreciation through a blend style investment in a diversified US equity fund • invest for the medium to long term	Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to: • capital appreciation by investing in equity securities (concentrated in equities of US issuers) • a growth investment in sectors showing above-average growth or growth potential as compared with the overall economy • invest for the medium to long term
Highest Synthetic Risk Reward Indicator (SRRI)[1]	6	6
Specific Risk Consideration	• **Class Hedging risk** • Concentration risk • **Convertible and Hybrid Securities risk** • **Counterparty risk** • Derivative Instruments risk • **Equity risk** • **Liquidity risk** • **Market risk** • **Single Country risk**	• **Class Hedging risk** • **Convertible and Hybrid Securities risk** • **Counterparty risk** • **Equity risk** • Growth Stocks risk • **Liquidity risk** • **Market risk** • **Single Country risk** • Smaller and Midsize Companies risk • Warrants risk
Global Exposure Calculation Method	Commitment Approach	Commitment Approach

[1] The SRRI calculation reflects iterations of annualised volatility over a 5 year look back period. While the volatility figures of the Merging Sub-Fund and the Receiving Sub-Fund are generally very close, the calculation method and buckets of volatility used for calculation of the SRRI are different and provide different results. Changes in the management team of the Receiving Sub-Fund during February 2018 resulted in stronger risk management that has been reflected in comparatively lower volatility numbers of the Receiving Sub-Fund against the Merging Sub-Fund over the 1-year period.

PRODUCT FEATURES	THE MERGING SUB-FUND	THE RECEIVING SUB-FUND
II. SHARE CLASSES AND MINIMUM INVESTMENT AND HOLDING REQUIREMENTS		
Share Classes	Class A Shares Class B Shares Class C Shares Class I Shares Class N Shares Class W Shares Class Z Shares	
Minimum subscription and subsequent investment	The minimum initial investment in any one Class of Shares of the Sub-Fund is: Class A: USD 5,000 Class C: USD 5,000 Class I: USD 5,000,000 Class N: USD 5,000 Class W: USD 500,000 Class Z: USD 5,000 (or its equivalent in another currency). Subsequent subscription of shares relating to all Class of Shares of the Sub-Fund is USD 1,000 (or its equivalent in another currency).	
Minimum Holding	USD 2,500 for all share classes (or its equivalent in another currency)	
III. FEES TO BE BORNE BY THE SHAREHOLDERS		
Entry charge	Class A: up to 5.75% of the total amount invested Class C: N/A Class I: N/A Class N: up to 3% Class W: N/A Class Z: N/A	
Contingent Deferred Sales Charge (CDSC)	In relation to qualified investments of USD 1 million or more in respect of Class A Shares, the entry charge may be waived and a CDSC of up to 1% may apply if an investor sells Shares within 18 months after each investment in order to recover commissions paid to sub-distributors, intermediaries, brokers/dealers and/or professional investors. Class B: up to 4% if such Investor sells Shares within four (4) years of purchase Class C: 1.00% if an Investor sells Shares within one (1) year of purchase Class N, I, W, and Z: N/A	
Redemption fee	N/A	
IV. FEES PAID OUT OF THE SUB-FUND ASSETS		
Management Company Fees	Up to 0.20% of the net asset value of the relevant share Class, an additional amount (consisting of a fixed and variable component) per Investor Holding at the relevant Class level over each one (1) year period, and a fixed amount per year to cover part of its organisational expenses.	
Investment Management Fees	Class A: 1.00% Class B: 1.00% Class C: 1.00% Class I: 0.70% Class N: 1.00% Class W: 0.70% Class Z: 1.00%	
Maintenance Fees	Class A: 0.50% Class B: 0.75% Class C: 1.08% Class I: N/A Class N: 1.25% Class W: N/A Class Z: N/A	

PRODUCT FEATURES	THE MERGING SUB-FUND	THE RECEIVING SUB-FUND
Servicing Fees	Class B: 1.06% *per annum* Not applicable for the other share classes.	
Depositary Fee	In a range from 0.01% to 0.14% of the net asset value	
OCRs (comprising all incurred fees including the synthetic cost of holding underlying sub-funds)	A (acc) EUR: 1.81% A (acc) EUR-H1: 1.82% A (acc) HKD: 1.83% A (acc) USD: 1.82% B (acc) USD: 3.13% C (acc) USD: 2.40% I (acc) EUR: 0.96% I (acc) EUR-H1: 0.96% I (acc) USD: 0.96% N (acc) EUR: 2.57% N (acc) EUR-H1 : 2.57% N (acc) USD : 2.57% W (acc) EUR : 1.00% W (acc) USD: 1.00% Z (acc) USD: 1.35%	A (acc) EUR: 1.81% A (acc) EUR-H1: 1.82% A (acc) HKD: 1.82% A (acc) USD: 1.81% B (acc) USD: 3.12% C (acc) USD: 2.39% I (acc) EUR: 0.85% I (acc) EUR-H1: 0.85% I (acc) USD: 0.85% N (acc) EUR: 2.56% N (acc) EUR-H1: 2.57% N (acc) USD: 2.56% W (acc) EUR : 0.90% W (acc) USD: 0.90% Z (acc) USD: 1.2%
V. SERVICE PROVIDERS		
Management Company	FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l. 8A, rue Albert Borschette L-1246 Luxembourg Grand Duchy of Luxembourg	
Investment Manager	FRANKLIN ADVISERS, INC 1 Franklin Parkway Building 970 1st Floor San Mateo CA 94403 United States	
Depositary	J.P. MORGAN BANK LUXEMBOURG S.A. European Bank & Business Centre 6C route de Trèves L-2633 Senningerberg Grand Duchy of Luxembourg	
Auditor	PRICEWATERHOUSECOOPERS, *Société Coopérative* 2, rue Gerhard Mercator L-2182 Luxembourg Grand Duchy of Luxembourg	

APPENDIX II

- Enclose PHS