



**FRANKLIN TEMPLETON
INVESTMENTS**

FRANKLIN TEMPLETON INVESTMENT FUNDS

Société d'investissement à capital variable

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**SUBJECT: CHANGE TO THE INVESTMENT POLICY
OF FRANKLIN TEMPLETON INVESTMENT
FUNDS – FRANKLIN INCOME FUND**

Luxembourg, January 26, 2018

Dear Shareholder,

The purpose of this letter is to inform you of a revision of the investment policy of the Franklin Income Fund (the "Fund"), a sub-fund of the Luxembourg SICAV Franklin Templeton Investment Funds (the "Company").

With effect from February 28, 2018, the investment policy of the Fund will be amended to allow the investment manager to invest on an ancillary basis in financial derivative instruments for hedging, efficient portfolio management and/or investment purposes.

Therefore, the following paragraph is added after the fourth paragraph of the investment policy of the Fund:

"On an ancillary basis, the Fund may use financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments could include but are not limited to swaps, forwards, futures contracts as well as options. In this context, the Fund may seek exposure to, inter alia, commodities or ETFs through the use of financial derivative instruments, cash-settled structured products or fixed income securities where the security is linked to or derives its value from another reference asset."

In addition, the "Derivative Instruments risk" is added to the list of main risks pertaining to the Fund.

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If you do not agree with the above changes, you may request, free of charge until February 28, 2018, the redemption of your shares of the Fund or the exchange of such shares into shares of other funds of the Company, details of which are disclosed in the current Prospectus (provided that such funds have obtained recognition for marketing in your jurisdiction).

The Company comprises a wide range of funds catering for many different objectives. Exchanges of your existing holding may be made into other funds within the Company. On receipt of your instructions, we will execute the exchange for you in accordance with the provisions of the current Prospectus, free of any charge.

If you do not wish to exchange your shares and would like to redeem and receive a cash payment, the redemption will be made in accordance with the provisions of the current Prospectus, free of charge. Please return your instructions to your local Franklin Templeton Investments office or to Franklin Templeton International Services S.à r.l. Please note that "free of any redemption charge" does not apply to the contingent deferred sales charge ("CDSC") for all classes subject to such CDSC, due to the nature of such fee. Accordingly, should you decide to redeem any shares subject to a CDSC, such redemption will be subject to the applicable CDSC as more fully disclosed in the Prospectus of the Company.

You should consult your professional advisers as to the possible tax or other consequences of buying, holding, transferring or selling any of the Company's shares affected by the changes described above, under the laws of your country of citizenship, residence and domicile.

If you require further information please do not hesitate to contact your local Franklin Templeton Investments office or your financial adviser.

Yours sincerely,

Craig Blair, Conducting Officer of Franklin Templeton International Services S.à r.l.
Management Company of Franklin Templeton Investment Funds