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.

We are writing to you in your capacity as 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.

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

- **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 Merging Sub-Fund. 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.

  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.

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	1.20%

* 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:

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 KIIDs 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.

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