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Dear Shareholder,

We are writing to inform you that the Franklin Templeton Investment Funds – Franklin European Growth Fund (the “Fund”) will be closing to new investors, effective 8 July, 2014.

The Fund’s investment objective follows a concentrated approach that invests in securities of European companies across the market capitalisation spectrum. The Fund has historically held meaningful exposure to small and mid-capitalisation companies, reflecting an area of the market where the manager has found attractive investment ideas that met his criteria.

Given the strong global interest in European equities as a result of the improving macroeconomic situation, we anticipate continued flows into the space. After evaluating a number of factors, we believe it is prudent to slow the growth of new assets into the Fund to protect our ability to effectively manage assets for our existing investors.

Though the Fund will be closed to new investors, existing investors can continue to add money into their accounts. In addition, the closure will not impact the process, philosophy or management of the Fund’s investment objective. We believe strongly in protecting the interests of our investors and believe closing the strategy at this time will protect the integrity of our investment approach and our ability to add value for our investors.

Franklin Templeton Investments remains dedicated to helping you and your clients accomplish your investment goals. If you have any questions about this change, please contact your Relationship Manager.

Yours Faithfully,  
For and on behalf of  
Templeton Asset Management Ltd.

Stephen Grundlingh  
Co-CEO and Regional Head, Southeast Asia

**Shareholder Q&A:**

**Effective at the close of market on July 8, 2014, the Franklin European Growth Fund (the “Fund”) will be closed to new investors.** Existing investors will not be impacted and can continue to add to their accounts.

**1. What does “soft close” mean?**

A soft close is a fund closure to new investors only, while remaining open to existing investors. Existing investors can continue to contribute additional assets.

**2. Why is the European Growth Fund being closed to new investors?**

The Franklin European Growth strategy is a concentrated approach that invests in securities of European companies across the market capitalization spectrum. The Fund has historically held meaningful exposure to small and mid-capitalization companies, reflecting an area of the market where the manager has found attractive investment ideas that met his criteria.

Given the strong global interest in European equities as a result of the improving macroeconomic situation and relatively low valuations, we anticipate continued flows into the space. After evaluating factors including the overall investable opportunity set, total assets, the underlying liquidity of portfolio holdings, and the liquidity profile of the overall Fund, we believe it is prudent to slow the growth of new assets into the European growth strategy to protect our ability to effectively manage assets for our existing investors.

**Share Classes Impacted:**

All share classes are impacted and will be soft closed.

**3. Can an existing investors switch to or buy shares of a different share class to that already owned?**

Yes, existing investors are entitled to switch their existing holdings to an alternative share class and/or buy an alternative share class provided they meet the minimum criteria.

**4. What metrics did you use to decide to soft close the European Growth strategy?**

We evaluated factors including the overall investable opportunity set, total assets, the underlying liquidity (trading volume) of portfolio holdings, and overlap with other funds to determine the appropriate level at which to close the strategy.

**5. What impact does this closing have on existing marketing materials or client support?**

All client and investor reporting materials will be produced, while sales and marketing collateral will be discontinued.

**6. Will European Growth products ever reopen?**

We reserve the right to open the products to new investors at any time and will continue to monitor the relevant metrics such as valuations and liquidity.

**7. Does this impact the research coverage of European Growth stocks?**

While we are instituting a soft close on the above product, the portfolio will continue to be actively managed with no change in research and portfolio management resources. As noted above, we believe the closure is in the best interest of the Fund's investors in order to preserve the integrity of our bottom-up, fundamental research driven approach and ability to add value over time.

**8. Does this impact your ability to invest in European Growth stocks in broader mandates?**

This change does not impact the ability of our broader mandates to invest within the European Growth market.

**9. Contacts:**

Please contact your Relationship Manager for further information if required.