

This letter is important and requires your immediate attention.

**If you are in any doubt about the contents of this letter,
you should seek independent professional advice.**

Hong Kong, 29 December 2017

Dear Investor,

**Franklin Templeton Investment Funds (the “Company”)
- Changes to the name and investment policy of the Franklin Mutual Beacon Fund**

This letter is intended for investors who hold shares of the Franklin Mutual Beacon Fund via an account with (i) Franklin Templeton Investments (Asia) Limited (the “**Hong Kong Representative**”) or (ii) a duly authorized intermediary for the Hong Kong market (collectively, “**Investors**”).

Unless otherwise specified herein, capitalized terms used in this letter shall have the meanings assigned to such terms in the Explanatory Memorandum dated September 2017, as amended, of the Company (the “**Explanatory Memorandum**”).

Following a regular review of the Company’s range of Funds aimed at ensuring they remain pertinent for investors as investment markets evolve, the Board of Directors of the Company has decided to change the name and investment policy of the Franklin Mutual Beacon Fund to more closely align with the target profile of the Fund’s investors, which includes investors seeking capital appreciation and to a lesser extent income by investing in undervalued companies based primarily in the US.

With effect from 31 January 2018,

- (a) the name of the Franklin Mutual Beacon Fund will be changed from “Franklin Mutual Beacon Fund” to “Franklin Mutual U.S. Value Fund”, and all references to the Fund’s name in the Explanatory Memorandum shall be revised accordingly; and
- (b) the first two sentences of the investment policy of the Franklin Mutual Beacon Fund will be revised as follows:

“The Fund pursues its objectives principally through investments in common stock, preferred stock, and debt securities convertible or expected to be convertible into common or preferred stock of US companies. ~~No more than 20%~~ At least 70% of the Fund’s net assets will ~~generally~~ be invested in securities of ~~non-US~~ issuers.”

The Investment Manager of the Franklin Mutual Beacon Fund believes that the changes to its name and investment policy will benefit investors by providing greater clarity on the Fund’s investment focus (*i.e.*, on undervalued companies based primarily in the US). The changes are for clarification only – they will not result in any additional risks or impact the investment strategy of the Fund and will not have any material adverse impact on the interests of the Fund’s investors. There is no change to the operation and/or the manner in which the Fund is being managed.

The changes set out in this letter are not expected to give rise to any change in the fee level or fee structure of the Franklin Mutual Beacon Fund, or any additional costs and expenses for Shareholders of the Fund. Any additional costs and expenses arising from the changes (other than the cost of

publishing this letter, which is estimated to be approximately HKD 200,000 and which will be charged to the Fund) will be borne by the Management Company.

The changes set out in this letter are not expected to materially prejudice the rights or interests of Shareholders of the Fund. Shareholders who do not agree with the changes set out in this letter may redeem or switch their shares free from any charge by the Company, into shares of other Funds that are authorized[†] by the SFC, details of which are disclosed in the Explanatory Memorandum, during the period commencing on 29 December 2017 and ending on 30 January 2018 at 4.00 p.m. (Hong Kong time).

Before investing in another SFC-authorized[†] Fund, please ensure that you have read and understood the investment objective, policies and fees applicable to the relevant Fund as described in the Explanatory Memorandum.

Please note that although the Company will not charge shareholders any redemption or switching fee for redemption and switching requests that reach the Hong Kong Representative of the Company, in some cases the relevant bank, investment adviser or other intermediary may charge switching and/or transaction fees. They may also have a local dealing cut-off time which is earlier than the dealing deadline described above. Shareholders are recommended to check with their bank, investment adviser or other intermediary (if applicable) to ensure that their instructions reach the Hong Kong Representative before the dealing deadline above.

Please also note that "free of any charge" does not apply to Class B shares that are subject to the contingent deferred sales charge ("CDSC"), due to the nature of such fee. Accordingly, should shareholders decide to redeem any shares subject to a CDSC, such redemption will be subject to the applicable CDSC, as more fully disclosed in the Explanatory Memorandum.

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The Management Company and the Board of Directors accept full responsibility for the accuracy of the information contained in this letter as at the date of its publication and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading.

The Explanatory Memorandum and the product key facts statement of the Franklin Mutual Beacon Fund (which are available for download from the Hong Kong Representative's website at www.franklintempleton.com.hk[‡]) will be updated for the changes described above. An updated version of the Hong Kong offering documents of the Company will also be made available at the office of the Hong Kong Representative in due course.

If you require further information, please do not hesitate to contact your investment consultant, call our Investor Hotline at +852 2805 0111 or contact the Hong Kong Representative at 17/F, Chater House, 8 Connaught Road Central, Hong Kong. If you are not a duly authorized intermediary for the Hong Kong market, please be advised that you are not required to forward this letter to your end clients.

Yours faithfully,

Franklin Templeton Investments (Asia) Limited

富蘭克林鄧普頓投資(亞洲)有限公司

As Hong Kong Representative of the Company


David Chang
Director

[†] SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

[‡] The information in the website has not been reviewed by the Securities and Futures Commission.