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**SUBJECT: CLARIFICATION OF THE INVESTMENT POLICY OF FRANKLIN TEMPLETON  
INVESTMENT FUNDS – TEMPLETON ASIAN SMALLER COMPANIES FUND**

Luxembourg, 27 July 2017

Dear Shareholder,

The purpose of this letter is to inform you of certain changes impacting Templeton Asian Smaller Companies Fund (the "Fund"), a sub-fund of the Luxembourg SICAV Franklin Templeton Investment Funds (the "Company").

The investment policy is amended to clarify that the Fund may invest in China A-Shares (through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect) and in China B-Shares, limited to 10% of the Fund's net assets. This revision is for clarification purpose only and there will be no change to the way the Fund is currently managed or to the investment strategy of the Fund.

Therefore, the following paragraph has been added at the end of the investment policy of the Fund:

*"The Fund may invest up to 10% of its net assets in China A-Shares (through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect) and in China B-Shares."*

In addition, the "Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect risk" has been added in the list of main risks pertaining to the Fund.

The clarification is reflected in the Company's prospectus dated June 2017, a copy of which is available upon request at the registered office of the Company.

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

Yours sincerely,



Harold C. Nash, Conducting Officer of Franklin Templeton International Services S.à r.l.  
Management Company of Franklin Templeton Investment Funds