

**Subject: Changes to the Franklin U.S. Dollar Liquid Reserve Fund in light of  
the new Money Market Fund Regulation**

Luxembourg, January 11<sup>th</sup>, 2019

Dear Shareholder,

The purpose of this letter is to inform you of certain changes impacting the Franklin U.S. Dollar Liquid Reserve Fund (the "Fund"), a sub-fund of the Luxembourg SICAV Franklin Templeton Investment Funds (the "Company"), as a result of the forthcoming entry into force of the new Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds (the "MMF Regulation").

The MMF Regulation requires that some changes be operated at the level of the Fund in order to comply with the MMF Regulation requirements, no later than January 21, 2019. To this respect, additional disclosures will be required covering among other things particular eligible assets, diversification requirements, liquidity, valuation rules as well as implementation of internal procedures to ensure compliance with the MMF Regulation.

In light of the above, effective January 21, 2019:

- The Fund will be renamed Franklin U.S. Dollar Short-Term Money Market Fund.
- The Fund will qualify as a Short-Term Variable Net Asset Value Money Market Fund.
- The Fund will comply with specific investment restrictions, portfolio rules as well as specific provisions relating to the calculation of the Net Asset Value per Share applicable to Short-Term Variable Net Asset Value Money Market Funds, the main features of which are described in the Appendix to this letter.
- The investment policy of the Fund will be restated to read as follows:

***"Asset Class***

*Money Market Fund*

***Base Currency***

*US dollar (USD)*

***Investment Objectives***

*The Fund's investment objective is to maintain a high degree of capital preservation and liquidity while maximising returns in the US dollar.*

***Investment Policy***

*The Fund seeks to achieve its objective by investing in a portfolio of high-quality USD-denominated debt and debt-related Money Market Instruments.*

*The Fund invests principally in high-quality Money Market Instruments, which consist primarily of short-term fixed and floating-rate debt securities, commercial papers, floating-rate notes and certificates of deposit of credit institutions, which shall all comply with MMFR. The Fund may also, to a lesser extent, invest in eligible securitisation and asset-backed commercial paper ("ABCP") as well as deposits and cash denominated in US dollar.*

*These investments shall be denominated in US dollar and up to 100% may be issued or guaranteed by sovereign governments of member states of the OECD and/or related entities, supranational entities, including most prominently instruments issued or guaranteed by the United States Treasury or the U.S. Federal Reserve, including the Federal National Mortgage Association (FNMA), the Government National Mortgage Association (GNMA) and the Federal Home Loan Mortgage Corporation (Freddie Mac). In addition to receiving a favourable assessment of their credit quality pursuant to the Management Company's internal credit quality assessment procedure, all investments at the time of purchase shall have a minimum long-term rating of A or better by Standard & Poor's Corporation ("S&P") or Moody's Investors Service, Inc. ("Moody's") or similar rating by any other internationally recognised statistical rating organisation, corresponding to a short-term rating of A-1 by S&P/P-1 by Moody's or equivalent or, if unrated, be declared to be of comparable quality by the Investment Manager.*

*The Fund will maintain a Weighted Average Maturity not exceeding 60 days. The Fund only holds securities which at the time of acquisition have an initial or residual maturity not exceeding 397 days.*

*The Fund may use financial derivative instruments only for the purpose of hedging the interest rate or exchange rate risks inherent in other investments of the Fund. The Fund may also invest in repurchase and/or reverse repurchase agreements within the limits described below.*

***Exposure to repurchase agreements***

*The expected level of exposure that could be subject to repurchase agreements amounts to 10% of the Fund's net assets, subject to a maximum of 10%.*

***Exposure to reverse repurchase agreements***

*The expected level of exposure that could be subject to reverse repurchase agreements amounts to 20% of the Fund's net assets, subject to a maximum of 35%. The aggregate amount of cash provided to the same counterparty in reverse repurchase agreements shall not exceed 15% of the net assets of the Fund.*

***Investor Profile***

*Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:*

- current income and high degree of capital protection by investing in a portfolio of high-quality USD-denominated debt and debt-related securities, Money Market Instruments and cash denominated in US dollar*
- invest for the short term"*

Finally, a new "Securitisation risk" will be added to the list of main risks pertaining to the Fund.

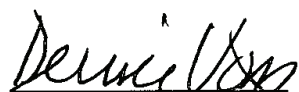
The information contained in the above Fund's sections should be read in conjunction with the specific provisions applicable to Money Market Funds which will be described in an updated version of the Fund's prospectus, as well as with the general provisions of the Prospectus, unless otherwise provided.

The board of directors of the Company does not expect the above described amendments to (i) result in any material changes to the Fund's investment objectives and policy, its overall risk profile or the way it is currently managed, and (ii) prejudice the rights or interests of shareholders of the Fund.

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,



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

## APPENDIX

Main investment restrictions, portfolio rules as well as provisions relating to the calculation of the Net Asset Value per Share applicable to the Fund.

### I. Portfolio Rules

- (i) Portfolio is to have at all times a Weighted Average Maturity of no more than 60 days;
- (ii) Portfolio is to have at all times a Weighted Average Life of no more than 120 days, subject to the provisions of the MMFR;
- (iii) At least 7.5% of its assets are to be comprised of daily maturing assets, reverse repurchase agreements (if any) which can be terminated by giving prior notice of one working day, or cash which can be withdrawn by giving prior notice of one working day;
- (iv) At least 15% of its assets are to be comprised of weekly maturing assets, reverse repurchase agreements (if any) which can be terminated by giving prior notice of five working days, or cash which can be withdrawn by giving prior notice of five working days. For the purpose of the calculation referred to in the previous sentence, Money Market Instruments or units or shares of other Money Market Funds may be included within the weekly maturing assets to a limit of 7.5% provided they are able to be redeemed and settled within five working days.

### II. Main investment restrictions

- (i) The Fund will invest no more than 5% of its assets in Money Market Instruments, securitisations and asset-backed commercial paper ("ABCPs") issued by the same body.
- (ii) The Fund may not invest more than 10% of its assets in deposits made with the same credit institution, unless the structure of the Luxembourg banking sector is such that there are insufficient viable credit institutions to meet that diversification requirement and it is not economically feasible for the Fund to make deposits in another EU Member State, in which case up to 15% of its assets may be deposited with the same credit institution.
- (iii) By way of derogation from (i) above, the Fund may invest up to 10% of its assets in Money Market Instruments, securitisations and ABCPs issued by the same body provided that the total value of such Money Market Instruments, securitisations and ABCPs held by the Fund in each issuing body in which it invests more than 5% of its assets does not exceed 40% of the value of its assets.

The full detailed list of Money Market Fund specific restrictions will be reflected into an updated version of the prospectus of the Company.

### III. Specific provisions relating to the calculation of the Net Asset Value

- (i) Assets will be valued at Mark-to-Market\* or Mark-to-Model\* where the use of Mark-to-Market is not possible or the market data is not of sufficient quality;
- (ii) The value of any cash on hand or on deposit and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid, and not yet received shall be deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined conservatively by using Mark-to-Model\*;
- (iii) Shares or units of underlying Money Market Fund(s) shall be valued at their last available net asset value as reported by such fund(s);
- (iv) Any assets or liabilities in currencies other than the Fund base currency will be converted using the relevant spot rate quoted by a bank or other recognised financial institution.

As a result of the above, the Fund will no longer use amortised costs approach in relation to the determination of the value of the shares of the Fund.

Definitions:

"Mark-to-Market": the valuation of positions at readily available closing prices that are sourced independently, including exchange prices, screen price, or quotes from several independent reputable brokers.

"Mark-to-Model": any valuation which is benchmarked, extrapolated or otherwise calculated from one or more market inputs.



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**Subject: Change of effective date of amendments to the Franklin U.S. Dollar Liquid Reserve Fund  
announced in the letter dated January 11, 2019**

Luxembourg, January 21<sup>st</sup>, 2019

Dear Shareholder,

We refer to certain changes (the “Changes”) impacting Franklin U.S. Dollar Liquid Reserve Fund (the “Fund”) a sub-fund of the Luxembourg SICAV Franklin Templeton Investment Funds (the “Company”), which were announced to you in the letter dated January 11, 2019 ( the “Letter”) in relation to the entry into force of the Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds (the “MMF Regulation”).

The purpose of the present letter is to inform you that, following recent clarifications received on the regulatory process to conform to the MMF Regulation, the Changes announced in the Letter shall become effective on January 25, 2019 and not on January 21, 2019.

For the avoidance of doubt, the Changes are subject to (i) the approval of the revised articles of incorporation of the Company during the extraordinary general meeting of shareholders of the Company scheduled for January 25, 2019 and (ii) the CSSF’s full review of the Company’s MMF Regulation application being completed with effect from the same date.

All other information regarding the Changes announced in the Letter remains valid.

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

Yours sincerely,

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