

**NOTICE TO SHAREHOLDERS OF
FRANKLIN TEMPLETON STRATEGIC ALLOCATION FUNDS**

Luxembourg, 16 January 2015

Dear Shareholder,

The purpose of this letter is to inform you that following the communication sent to you on 8 December 2014, the shareholders of Franklin Strategic Allocation Funds ("FTSAF") approved the merger of FTSAF sub-funds (the "Merging Sub-Funds") into the Franklin Templeton Investment Funds ("FTIF") respective sub-funds (the "Receiving Sub-Funds") as detailed below, during an extraordinary general meeting held on 12 January 2015. As a consequence, the merger shall become effective as of 20 March 2015 at midnight (Luxembourg time).

Merging Sub-Funds	Receiving Sub-Funds
FTSAF – Franklin Equity Selection Fund	FTIF – Franklin Global Equity Strategies Fund
FTSAF – Franklin Strategic Dynamic Fund	FTIF – Franklin Strategic Dynamic Fund
FTSAF – Franklin Strategic Balanced Fund	FTIF – Franklin Strategic Balanced Fund
FTSAF – Franklin Strategic Conservative Fund	FTIF – Franklin Strategic Conservative Fund

Holders of shares of the relevant Merging Sub-Funds may instruct redemption of their shares or switch of their holding into any other sub-fund of FTIF, details of which are disclosed in the current prospectus of FTIF (provided that such other sub-funds have obtained recognition for marketing in the applicable jurisdiction), free from any charge no later than 12 March 2015 at 5.00 p.m. (Luxembourg time).

The shares of the Merging Sub-Funds held by shareholders who have not instructed redemption of their shares or switched their holdings prior to close of business on the date specified above will become shareholders of the Receiving Sub-Funds (even if they have voted against the proposal or if they did not vote at all).

Those shareholders that will receive shares in the Receiving Sub-Funds will be notified, following the merger, of the number and value of shares they will be entitled to receive in the Receiving Sub-Funds.

You should consult your professional advisers as to the possible tax or other consequences of buying, holding, transferring or selling any of the Merging Sub-Funds' shares in respect of 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 financial adviser or your local Franklin Templeton Investments office.

Yours sincerely,



On behalf of Franklin Templeton International Services S.à r.l.
Harold C. Nash, Conducting Officer of Franklin Templeton International Services S.à r.l.
Management Company of Franklin Templeton Strategic Allocation Funds

**Subject: Proposed merger of Franklin Strategic Allocation Funds ("FTSAF") –
Franklin Equity Selection Fund into Franklin Templeton Investment Funds ("FTIF") –
Franklin Global Equity Strategies Fund**

Luxembourg, 16 January 2015

Dear Shareholder,

The purpose of this letter is to inform you about the proposal to merge Franklin Strategic Allocation Funds - Franklin Equity Selection Fund (the "**Merging Sub-Fund**") into Franklin Templeton Investment Funds - Franklin Global Equity Strategies Fund (the "**Receiving Sub-Fund**").

We are writing to you in your capacity as shareholder of the Receiving Sub-Fund.

Following the merger, the Merging Sub-Fund shall be dissolved without going into liquidation.

1. Rationale and background for the merger

FTSAF was launched in 2006 and has been created in particular to invest into other collective investment schemes, including but not limited to sub-funds of FTIF. FTSAF was launched as a separate umbrella fund to comply with UCITS regulation, which at the time prohibited investment by a sub-fund into another sub-fund within the same umbrella. Recent development of the UCITS regulation has removed this restriction.

As FTSAF is largely invested into sub-funds of FTIF, moving FTSAF Funds into FTIF umbrella will allow shareholders to benefit from reduced fund expenses by avoiding duplication of costs and having fund expenses such as audit, legal, registration, custody and reporting all consolidated under a single umbrella structure. This will also provide greater choice for shareholders wishing to switch between FTIF sub-funds.

In addition, FTSAF - Franklin Equity Selection Fund has failed to generate significant assets EUR 29,854,034 (USD 37,174,245) as at November 17, 2014 while FTIF - Franklin Global Equity Strategies has generated more EUR 64,331,967 (USD 77,277,913) as at November 17, 2014. FTSAF - Franklin Equity Selection Fund was initially targeted at the Austrian personal savings market but did not grow as large as initially expected. Because both the Merging Sub-Fund and the Receiving Sub-Fund share similar investment objectives and target investor profiles, the Board considers that it makes sense to merge these sub-funds and focus on a single portfolio.

2. Impact on shareholders and shareholders' rights

Shareholders of the Receiving Sub-Fund who do not wish to participate to the merger may ask for the redemption of their shares or switch of their holding into any other sub-fund of FTIF free from any charge until 12 March 2015 (provided that such other sub-funds have obtained recognition for marketing in the applicable jurisdiction).

Upon the Effective Date, shareholders who have not requested redemption or conversion of their shares in the Merging Sub-Fund will become shareholders of Receiving Sub-Fund and receive shares of the corresponding Receiving Sub-Fund. The value of the shares held in the Merging Sub-Fund and the shares to be held in the Receiving Sub-Fund will be the same.

The Merging Sub-Fund is mainly invested in units/shares to investment funds managed by Franklin Templeton Investments. Its portfolio will therefore be fully realised before the Effective Date so that only cash will be transferred to the Receiving Sub-Fund.

Please find hereafter the comparison of the impact in terms of expenses between the Merging Sub-Fund and the Receiving Sub-Fund:

	FTSAF - Franklin Equity Selection Fund	FTIF - Franklin Global Equity Strategies Fund*
Share Class	N(acc)EUR	N(acc)EUR
Initial Charge	500bps	300bps
Investment Management Fees	40bps	125bps
Management Company Fees	10bps	20bps
Maintenance Fee	125bps	125bps
Other Fees	228bps**	22bps
Ongoing charges (comprising all the above mentioned fees)	403bps	292bps

* As the share class has no historical data available, simulated data based on a representative portfolio model or benchmark have been used instead.

**Other fees include the synthetic charging element of the Merging Sub-Fund that is incurred as a result of holding other funds within the portfolio.

3. Comparison between the Merging Sub-Fund and the Receiving Sub-Fund

The Merging Sub-Fund: With a focus on emerging markets, the Merging Sub-Fund seeks to achieve its investment objective by subscribing mainly in Investment Funds managed by Franklin Templeton Investments entities as well as other asset managers, which invest in Emerging Market equities. The Merging Sub-Fund will invest directly or indirectly in equities or equity-related securities. On an ancillary basis the Merging Sub-Fund may invest directly or indirectly in equities from developed markets, debt securities, money market instruments or deposits.

The Receiving Sub-Fund: The Receiving Sub-Fund makes an allocation of its net assets between three different investment strategies followed independently by the Templeton Global, Templeton Emerging Markets and Mutual Series management groups, with the aim to maintain an equal exposure to two global equity strategies and one Emerging Market equity strategy, subject to appropriate monitoring and rebalancing. The Receiving Sub-Fund generally invests in equity securities of companies of any market capitalisation located anywhere in the world, including Emerging Markets.

For a complete description of the respective investment objectives and policies and related risks, please refer to the prospectus of FTIF and the Key Investor Information Documents (“**KIID**s”).

4. Merger Procedure

Upon the approval by the shareholders of the Merging Sub-Fund, the merger will become effective as of 20 March 2015 at midnight (Luxembourg time) (the “**Effective Date**”). The result of the extraordinary general meeting of shareholders of FTSAF will be published on FTIF website <http://www.franklintempleton.lu>.

Upon the Effective Date, the Merging Sub-Fund will transfer all its assets and liabilities (the “**Assets**”) to the Receiving Sub-Fund (as detailed below).

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 calculation in the relevant share class of the Receiving Sub-Fund.

5. Costs of the Merger

The expenses incurred in the merger, including legal, accounting, custody and other administration will be borne by Franklin Templeton International Services S.à r.l., the management company of FTIF and FTSAF.

6. Tax impact

The merger will not subject the Merging Sub-Fund, the Receiving Sub-Fund to taxation in Luxembourg. Investors may however be subject to taxation in their tax domiciles or other jurisdictions where they pay taxes.

Notwithstanding the above, as tax laws differ widely from country to country, investors are advised to consult their tax advisers as to the tax implications of the Merger specific to their individual cases.

7. Availability of Documents

The common merger proposal, the most recent prospectus of FTIF 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 the Company relating to the merger may be obtained free of charge at the registered office of the Company.

Copies of material contracts of FTIF may be obtained and/or inspected free of charge at the registered office of the Company.

If you have any queries about the proposed merger or require any further information, please contact Franklin Templeton International Services S.à. r.l. or your relationship manager.

On behalf of Franklin Templeton Investment Funds,



William Lockwood
Director