



Templeton Asset Management
Ltd
7 Temasek Boulevard, #38-03
Suntec Tower One, Singapore
038987
tel +65 6241 2662
fax +65 6332 2295
franklintempleton.com.sg
Regn no. (UEN) 199205211E

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Dear Shareholder,

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

The Fund’s investment objective follows a diversified approach that invests in securities of biotechnology companies engaged in drug development and companies that assist other companies in drug development. Though the Fund invests in companies across the market cap spectrum, it has had meaningful exposure to small cap companies, reflecting both the universe as well as where the managers have found attractive investments.

Given continued global interest in the biotechnology sector, likely related to the sector’s attractive secular growth tailwinds, we expect to see 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 biotechnology strategy 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 the closure is in the best interest of investors in order to preserve the integrity of our bottom-up, fundamental research driven approach and ability to add value over time.

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 Biotechnology Discovery 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 Biotechnology Discovery strategy being closed to new investors?

The Fund’s investment objective follows a diversified approach that invests in securities of biotechnology companies engaged in drug development and companies that assist other companies in drug development. Though the Fund invests in companies across the market cap spectrum, it has had meaningful exposure to small cap companies, reflecting both the universe as well as where the managers have found attractive investments.

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Share Classes Impacted:

All share classes are impacted and will be soft closed.

3. Can an existing investor 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 the minimum criteria is met.

4. What metrics did you use to decide to soft close the Biotechnology 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. Will the soft closure of the Biotechnology Discovery strategy impact both the US Retail and SICAV Funds?

Yes, both the SICAV and US Retail Funds will be closed to new investors. However, existing investors will not be impacted and may continue to purchase shares in the Funds, as well as reinvest dividends and capital gains if so desired.

6. 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.

7. Will Biotechnology Discovery 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.

8. Does this impact the research coverage of Biotechnology Discovery 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.

9. Does this impact your ability to invest in Biotechnology stocks in broader mandates?

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

10. Contacts:

Please contact your Relationship Manager for further information if required.