

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of this investment product and complements the Prospectus<sup>1</sup>.
- It is important to read the Prospectus before deciding whether to purchase shares in the product. If you do not have a copy, please contact us to ask for one.
- You should not invest in the product if you do not understand it or are not comfortable with the accompanying risks.
- If you wish to purchase the product, you will need to make an application in the manner set out in the Prospectus.
- Please refer to the Singapore representative's website for the latest version of this Product Highlights Sheet.

## Franklin Templeton Investment Funds – Franklin European Income Fund (the "Fund")

<b>Product Type</b>	<b>Investment Company</b>	<b>Launch Date</b>	17/11/2014	
<b>Investment Manager</b>	<b>Franklin Templeton Investment Management Limited</b>	<b>Custodian</b>	J.P. Morgan Bank Luxembourg S.A.	
<b>Management Company</b>	<b>Franklin Templeton International Services S.à r.l.</b>			
<b>Trustee</b>	<b>Nil</b>	<b>Dealing Frequency</b>	Daily (Dealing Days only)	
<b>Capital Guaranteed</b>	<b>No</b>	<b>Expense Ratio for Financial Year Ended 30/06/2018</b>	<b>Share Class</b>	<b>Range</b>
<b>Name of Guarantor</b>	<b>Not applicable</b>		A	1.70%
			I	0.89 - 0.90%
			W	1.03 - 1.04%
			Z	1.20%

### PRODUCT SUITABILITY

#### WHO IS THE PRODUCT SUITABLE FOR?

The Fund is only suitable for investors who:

- seek to maximise income while maintaining prospects for capital appreciation;
- invest for the medium to long term.

The principal may be at risk.

Further Information  
Please refer to "Fund Information, Objectives and Investment Policies" of the Luxembourg Prospectus.

### KEY PRODUCT FEATURES

#### WHAT ARE YOU INVESTING IN?

- You are investing in an open-ended collective investment scheme (referred to as an "undertaking for collective investment in transferable securities" or UCITS) constituted in Luxembourg that aims to seek capital appreciation with lower volatility relative to the broad equity markets.
- It is anticipated that under normal circumstances, you will receive, in the case of investments in distribution share classes, regular distributions out of income depending on the distribution share classes you are investing in. Subject to any legal or regulatory requirements, distributions may also be made out of the capital, net un/realized capital gains and income gross of expenses of the Fund which will result in a reduction in the net asset value of the Fund.

Refer to "Investment Objective, Focus and Approach of the Funds" section of the Singapore Prospectus, and the "Dividend Policy" section of the Luxembourg Prospectus.

### Investment Strategy

- The Fund's investment objective is to maximise income while maintaining prospects for capital appreciation.
- The Fund will seek to maximize income but will also aim to produce capital growth. It will be managed with a neutral position that would allocate to equities and fixed income equally, but tactically allocate between the two asset classes in response to changes in the market cycle and asset valuations. The Fund will have a minimum allocation to both fixed income and equities of 35% with exposure being capped at a maximum of 65%.
- The Fund seeks to achieve its objective by investing principally in a portfolio composed of equity and equity-related securities (including warrants) and fixed and/or floating rate debt securities issued or guaranteed by government (including government agencies and government-related bodies), financial institutions as well as corporate entities, domiciled in European countries, or having significant business activities within European countries. European countries may include emerging market countries in Europe.
- Debt securities may include bonds, notes, commercial paper, preferred securities (including trust-preferred securities), contingent capital securities, hybrid bonds, and bonds convertible into common stock, as well as covered bonds. The Fund's exposure to subordinated debt, which includes hybrid bonds and contingent capital securities, is limited in aggregate to 15% of the Fund's net assets whereby the exposure to hybrid bonds and contingent capital securities may not in aggregate exceed 10% of the Fund's net assets.

Refer to "Investment Objective, Focus and Approach of the Funds" section of the Singapore Prospectus.

<sup>1</sup>The Prospectus (comprising the Singapore and Luxembourg Prospectuses) is available for collection from the office of Templeton Asset Management Ltd at 7 Temasek Boulevard, #38-03 Suntec Tower One, Singapore 038987 and its appointed distributors during business hours, or accessible at [www.franklintempleton.com.sg](http://www.franklintempleton.com.sg).

<ul style="list-style-type: none"> <li>The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may be dealt on either regulated markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps or fixed-income related total return swaps), credit-linked securities, forwards and cross forwards, futures contracts (including those on government securities), as well as options and covered equity put/calls. Use of financial derivative instruments may result in negative returns in a specific yield curve/duration, currency or credit since, among other things, the price of financial derivative instruments are dependent on the price of their underlying instruments and these prices may go up or down.</li> <li>The Fund may also invest up to 10% of its net assets into units of UCITS and other UCIs.</li> </ul>	
<b>KEY PRODUCT FEATURES</b>	
<b>Parties Involved</b>	
<p><b>WHO ARE YOU INVESTING WITH?</b></p> <ul style="list-style-type: none"> <li>The investment company is Franklin Templeton Investment Funds.</li> <li>The investment manager is Franklin Templeton Investment Management Limited.</li> <li>The management company is Franklin Templeton International Services S.à r.l.</li> <li>The custodian is J.P. Morgan Bank Luxembourg S.A.</li> <li>The Singapore representative is Templeton Asset Management Ltd.</li> </ul>	<p>Refer to "Management and Administration" section of the Singapore Prospectus.</p>
<b>KEY RISKS</b>	
<p><b>WHAT ARE THE KEY RISKS OF THIS INVESTMENT?</b></p> <p>The value of the product and its dividends or coupons may rise or fall. These risk factors may cause you to lose some or all of your investment.</p>	<p>Refer to "Risk Factors" section of the Singapore Prospectus and "Risk Considerations" section of the Luxembourg Prospectus.</p>
<b>Market and Credit Risks</b>	
<p><b>Your investments are subject to equity market risks in Europe.</b></p> <ul style="list-style-type: none"> <li>Your investments in equity and equity related securities may be subject to significant price movements due to the impact of economic, political, market, and issuer-specific factors in Europe.</li> </ul> <p><b>Your investments are subject to interest rate risk in European countries.</b></p> <ul style="list-style-type: none"> <li>Movements in interest rates in European countries may negatively affect the value of the Fund's investments in debt securities. Debt securities with longer-term maturities tend to be more sensitive to interest rate changes than shorter-term securities.</li> </ul> <p><b>You are exposed to credit risks of issuers.</b></p> <ul style="list-style-type: none"> <li>If an issuer fails to make principal and interest payments when due, the value of your investments in such issuers will be adversely affected. The Fund invests in a mix of government and corporate securities – there is generally less risk of default for government securities than for corporate securities.</li> <li>The Fund may invest in low-rated or non-investment grade debt securities or instruments. Such investments may fluctuate significantly, more so than investment grade securities, and there is a greater likelihood that the issuer may default, subjecting your investment to losses.</li> </ul> <p><b>Your investments are subject to currency movements risks.</b></p> <ul style="list-style-type: none"> <li>Since the securities held by the Fund may be denominated in currencies different from its base currency, your investments may be affected favourably or unfavourably by exchange control regulations or changes in exchange rates.</li> </ul>	
<b>Liquidity Risks</b>	
<p><b>Fund liquidity may be affected during exceptional circumstances.</b></p> <ul style="list-style-type: none"> <li>The Fund may not be able to easily sell securities during an economic event or due to deterioration in the creditworthiness of issuers in which it invests.</li> <li>Shares of the Fund may be redeemed on any Dealing Day. However, during a period when trading on relevant exchanges or the over-the-counter market is substantially restricted or when market conditions make it impracticable to dispose of or value any of the Fund's investments, redemption of the Shares may be suspended.</li> <li>Redemptions of Shares may be deferred when more than 10% of the value of the Fund's Shares are redeemed or exchanged on any one Dealing Day.</li> </ul> <p><b>The Fund is not listed.</b></p> <ul style="list-style-type: none"> <li>There is no secondary market for the Fund. All redemption requests should be made to the Singapore representative, either directly or through the financial advisor or distributor from whom you purchased the Fund.</li> </ul>	<p>Refer to the sections "Sale of Shares" and "Suspension of Valuation, Issue, Sale and Switching of Shares" of the Singapore Prospectus.</p>
<b>Product-Specific Risks</b>	
<p><b>You are exposed to derivatives risk.</b></p> <ul style="list-style-type: none"> <li>The Fund may invest in derivatives which may be purchased on regulated markets or over-the-counter and may have less liquidity than conventional assets, exposing the Fund to higher risks and potential losses.</li> <li>The Fund may invest in structured products and derivatives such swaps (including credit default swaps or total return swaps), credit-linked securities, futures, forwards, and options (including covered equity puts/calls), all of which are subject to significant liquidity and counterparty risks.</li> <li>Use of derivatives may result in negative exposure to a specified yield curve or duration range or to a currency or credit, resulting in potential losses if the expected shift in the yield curve or changes in interest rates, currencies or credit spreads does not occur.</li> </ul> <p><b>You are exposed to regional market risk.</b></p>	

- The Fund invests primarily in a single region, and as a result is subject to higher concentration risk and potentially greater volatility compared to funds following a more diversified policy.

## FEES AND CHARGES

### WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?

Investors should note that subscriptions for Shares through any distributor appointed by the Managers may incur additional fees and charges.

#### Payable directly by you

You will need to pay the following fees and charges as a percentage of your gross investment sum (where applicable):

Share classes	Initial Sales Charge /Entry Charge	Contingent Deferred Sales Charge <sup>2</sup>	Exchange Charge/ Switching Fee
Share Class A	Currently 5.00% [max. 5.75%]	Currently 0.00% [max. 1.00%]	Currently 1.00% [max. 1.00%]
Share Class I	Nil	Nil	Nil
Share Class W	Nil	Nil	Nil
Share Class Z	Nil	Nil	Currently 1.00% [max. 1.00%]

#### Payable by the Fund from invested proceeds

The Fund will pay the following fees and charges to the Investment Manager, Custodian and other parties:

Share classes	Annual Investment Management Fee	Annual Maintenance, & Servicing Charges <sup>3</sup>	Others <sup>4</sup>
Share Class A	0.85%	Maintenance: 0.50%	<ul style="list-style-type: none"> <li>Annual Custodian Fee: 0.01% to 0.14% p.a.</li> <li>Annual Admin Fee: Max. 0.20% p.a. plus additional amount per Investor Holding over one year period</li> </ul>
Share Class I	0.60%	Nil	
Share Class W	0.60%	Nil	
Share Class Z	0.85%	Nil	

Refer to the “Fee and Charges” section of the Singapore Prospectus and the “Servicing and Maintenance Charges” section and Appendix E – “Franklin Templeton Investment Funds Charges, Fees and Expenses” of the Luxembourg Prospectus.

## VALUATIONS AND EXITING FROM THIS INVESTMENT

### HOW OFTEN ARE VALUATIONS AVAILABLE?

- Daily valuations are available on Dealing Days, which refer to days which are both Valuation Days and Singapore Business Days (as defined below), or otherwise as the Directors may from time to time determine.
- A “Valuation Day” is a day on which NYSE is open or banks in Luxembourg are open for business, other than during suspensions of normal trading. A “Singapore Business Day” is a day (except Saturdays, Sundays and public holidays) on which commercial banks are open for business in Singapore.
- The indicative net asset value (NAV) and actual NAV per share of each Fund and Share Class may be obtained from the Singapore representative and will be published on the Singapore representative’s website ([www.franklintempleton.com.sg](http://www.franklintempleton.com.sg)) one Singapore Business Day after the relevant Dealing Day.

Refer to the “Purchase of Shares”, “Sale of Shares” and “Obtaining Price Information” sections of the Singapore Prospectus.

<sup>2</sup> Based on the lesser of the value of Shares being sold (exclusive of reinvested dividends) or the total cost of Shares when purchased

<sup>3</sup> Payable to principal distributor, based on the applicable average net asset value

<sup>4</sup> Payable to custodian, registrar and transfer, corporate, domiciliary and administrative agent (as applicable)

## VALUATIONS AND EXITING FROM THIS INVESTMENT

### HOW CAN YOU EXIT FROM THIS INVESTMENT AND WHAT ARE THE RISKS AND COSTS IN DOING SO?

- To exit the Fund you should complete the relevant sale form, together with such other documents as may be required and submit it to the Singapore representative or through the financial advisor or distributor from whom you purchased the Fund, the Internet or any other sales channels, if applicable. Please ensure that all relevant documents have been submitted.
- Some appointed distributors may offer a cancellation policy whereby you will not incur the sales charges if you sell during the relevant period (the Fund does not offer such cancellation policy). You will however take the risk of a decline in the Fund's NAV since you purchased it and certain administrative fees may apply.
- Sale proceeds will be paid within three Singapore Business Days following the Dealing Day of the receipt and acceptance of the sale request.
- Your exit price is determined as follows:
  - If the Singapore representative receives and accepts the sale request on or before 4 p.m. on a Dealing Day, you will be paid a price based on the net asset value of the Shares applicable on that day.
  - If the Singapore representative receives and accepts the sale request after 4 p.m. on a Dealing Day, you will be paid a price based on the net asset value of the Shares at the close of the next Dealing Day.
- The sales proceeds that you will receive will be the exit price multiplied by the number of shares sold, less any charges. The following illustrates the sales proceeds on a sale of 1,000 Class A SGD share class shares at an exit price of S\$12.50 and assuming no Contingent Deferred Sales Charge:

Exit price x Number of shares sold = Gross Sales Proceeds  
S\$12.50 x 1,000 = S\$12,500

Gross Sales Proceeds – Exit Charges = Net Sales Proceeds  
S\$12,500 – S\$0.00 = S\$12,500

## CONTACT INFORMATION

### HOW DO YOU CONTACT US?

- For account-related matters and product information, kindly contact the financial advisor or distributor from whom you purchased the Fund.
- For product-related queries, you may also contact Templeton Asset Management Ltd between 9.00 a.m. to 6.00 p.m., Mondays to Fridays (except Singapore public holidays):

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