



Franklin Templeton Investments  
(Asia) Limited  
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**This letter is important and requires your immediate attention.**

**If you are in doubt about the contents of this letter,  
you should seek independent professional advice.**

Hong Kong, 25 July 2023

Dear Investors,

**Franklin Templeton Investment Funds (the “Company”)  
- SFDR reclassification of the Templeton European Small-Mid Cap Fund (the “Fund”)**

This letter is intended for investors who hold shares of the Company via an account with (i) Franklin Templeton Investments (Asia) Limited (the “**Hong Kong Representative**”) or (ii) a duly authorized intermediary for the Hong Kong market (collectively, “**Investors**”).

Unless otherwise specified herein, capitalized terms used in this letter shall have the meanings assigned to such terms in the Explanatory Memorandum of the Company dated April 2023, as amended from time to time (the “**Explanatory Memorandum**”). The changes set out in this letter shall be effective as of 26 August 2023 (the “**Effective Date**”).

We would like to inform you that the Board of Directors has decided, in light of Investors’ demand, to have the Fund reclassified from Article 6 to Article 8 under the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“**SFDR**”) and to create its SFDR related disclosures, in order to reflect the ESG methodology applied to the Fund and to translate the pre-existing process into the Explanatory Memorandum in a methodical and systematic manner.

As a consequence of the above, the following enhanced disclosures shall be made to the Explanatory Memorandum:

- (a) The SFDR pre-contractual disclosures for the Fund shall be added to the section “SFDR PRE-CONTRACTUAL DISCLOSURE ANNEXES”. On or around the Effective Date, the bilingual SFDR pre-contractual disclosures for the Fund will be available for download from the Hong Kong Representative’s website at [https://franklintempletonprod.widen.net/s/jqdp5bk5xt/ftif-sfdr-pre-contractual-disclosure-annexes\\_hk\\_en](https://franklintempletonprod.widen.net/s/jqdp5bk5xt/ftif-sfdr-pre-contractual-disclosure-annexes_hk_en)<sup>1</sup> (*English version*) and [https://franklintempletonprod.widen.net/s/hv85nxn6tb/ftif-sfdr-pre-contractual-disclosure-annexes\\_hk\\_cn](https://franklintempletonprod.widen.net/s/hv85nxn6tb/ftif-sfdr-pre-contractual-disclosure-annexes_hk_cn)<sup>1</sup> (*traditional Chinese version*), and they will also be made available at the office of the Hong Kong Representative.
- (b) The following paragraph shall be added immediately after the second paragraph under the subsection headed “Investment Policy” in the Fund’s profile to make reference to the Fund’s SFDR pre-contractual disclosures:

<sup>1</sup> The website has not been reviewed by the Securities and Futures Commission (“**SFC**”).

*“The Investment Manager also considers ESG factors as an integral component of its fundamental investment research and decision process. The Environmental and/or Social characteristics (within the meaning of Article 8 of the SFDR) promoted by the Fund are detailed in the section “SFDR PRE-CONTRACTUAL DISCLOSURE ANNEXES”. For the avoidance of doubt, the Fund is not classified as an ESG fund, pursuant to the “Circular to management companies of SFC authorized unit trusts and mutual funds - ESG funds” issued by the SFC on 29 June 2021.”*

- (c) To state that the Fund may appeal to investors looking to invest in funds compliant with Article 8 of the SFDR, the sub-section headed “Investor’s Profile” in the Fund’s profile shall be amended as follows:

*“The Fund is suitable for investors: Considering the investment objectives, as stated above, the Fund may appeal to investors looking to:*

- *invest in a Fund compliant with Article 8 of the SFDR;*
- *~~seeking to achieve~~ capital appreciation by investing in equity securities of small or mid-cap companies located in any European country ~~countries~~; and*
- *~~planning to hold their investments~~ invest for the medium to long term.”*

- (d) “Sustainability risk” shall be added to the sub-section headed “Risks of Investing in the Fund” in the Fund’s profile as a risk pertaining to the Fund.

\* \* \* \* \*

The above changes do not amount to material changes to the Fund and are made solely to respond to the disclosure obligations resulting from the SFDR. Since the ESG considerations were already part of the investment research and process of the Fund, the above changes will have no material impact on the way the Fund is being managed and its portfolio’s composition. There will be no material change or increase in the overall risk profile of the Fund following the above changes. Further, the above changes will not give rise to any change in the fee level or cost in managing the Fund. The changes set out in this letter do not have a material adverse impact on the Investors’ rights or interests.

Any costs and/or expenses that will be incurred in connection with the above changes will be borne by the Management Company, other than the cost of publishing this letter, which is estimated to be approximately HKD5,000 and which will be charged to the Fund.

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If you do not agree with the above changes, you may request, free of charge until 4:00 p.m. on the Effective Date, for a redemption of your shares of the Fund or a switching of such shares into shares of other sub-funds of the Company that are authorized<sup>2</sup> by the SFC, details of which are disclosed in the Explanatory Memorandum.

The Company comprises a wide range of sub-funds catering for many different objectives. Switching of your existing holding may be made into other sub-funds within the Company that are authorized<sup>2</sup> by the SFC. On receipt of your instructions, we will execute the switching for you in accordance with the provisions of the Explanatory Memorandum, free of charge.

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<sup>2</sup> SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Please note that although the Company will not charge the Investors impacted by above changes, any redemption or switching fee for redemption and switching requests that reach the Hong Kong Representative, in some cases the relevant banks, investment advisers or other intermediaries may charge switching and/or transaction fees. They may also have a local dealing cut-off time which is earlier than the dealing deadline described above. Investors are recommended to check with their banks, investment advisers or other intermediaries (if applicable) to ensure that their instructions reach the Hong Kong Representative before the dealing deadline above.

Before investing in another SFC-authorized<sup>2</sup> sub-fund of the Company, please ensure that you have read and understood the investment objectives, policies and fees applicable to the relevant sub-funds as described in the Explanatory Memorandum.

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The Management Company and the Board of Directors accept full responsibility for the accuracy of the information contained in this letter as at the date of its publication and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading.

The Explanatory Memorandum and the product key facts statement of the Fund will be updated to reflect the above changes in due course. An updated version of the Hong Kong offering documents of the Company will be available for download from the Hong Kong Representative's website at [www.franklintempleton.com.hk](http://www.franklintempleton.com.hk)<sup>1</sup>, and they will also be made available at the office of the Hong Kong Representative in due course.

If you require further information, please do not hesitate to contact your investment consultant, call our Investor Hotline at +852 2805 0111 or contact the Hong Kong Representative at 17/F, Chater House, 8 Connaught Road Central, Hong Kong. If you are not a duly authorized intermediary for the Hong Kong market, please be advised that you are not required to forward this letter to your end clients.

Yours faithfully,

**Franklin Templeton Investments (Asia) Limited**  
富蘭克林鄧普頓投資(亞洲)有限公司  
As Hong Kong Representative of the Company