



**FRANKLIN
TEMPLETON**

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, 28 February 2024

Dear Investors,

**Franklin Templeton Investment Funds (the “Company”)
- Changes to the Company and its sub-funds (the “Funds”)**

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”**). Unless otherwise stated, the changes set out in this letter took effect as of 31 December 2023.

(1) Clarificatory change to the revised definition of “Valuation Day”

As mentioned in the letter dated 24 August 2023, the Board of Directors has decided to amend the definition of “Valuation Day” with effect from 1 January 2024. We would like to notify you that the reference to “London” has been added to the revised definition of “Valuation Day” for the following Funds with Base Currency in EUR:

1. Franklin Euro Government Bond Fund;
2. Franklin Euro High Yield Fund;
3. Franklin Mutual European Fund;
4. Templeton Eastern Europe Fund;
5. Templeton Euroland Fund;
6. Templeton European Small-Mid Cap Fund; and
7. Templeton Global Climate Change Fund.

As a result, the revised definition of “Valuation Day” for the Funds, which took effect from 1 January 2024, has been amended as follows (with revisions in mark-up):

	Revised definition of “Valuation Day”
Funds with Base Currency in EUR	a day on which the retail banks in the United Kingdom (<u>London</u>) are open for normal business (other than during a suspension of normal dealing), further information on the applicable Valuation Days for the Fund can be found on the website: https://www.franklintempleton.lu ^{*#}

* The website has not been reviewed by the Securities and Futures Commission.

Investors should note that this website may contain information on the Funds and/or share classes that are not authorized for public distribution in Hong Kong as at the date of publication of the Explanatory Memorandum, and which are not available to Hong Kong investors.

Rest assured, the above change is made for clarification purposes only and shall have no impact on the number of Valuation Days for the Funds.

(2) Update to the means of dissemination of the distribution frequency and the respective target distribution yield for distribution share classes with “pc” in their names

The distribution frequency as well as the respective target distribution yield for share classes with “pc” in their names shall no longer be disclosed in the Product Key Facts Statement of the relevant Fund. Such information shall continue to be disclosed in the “Dividend Schedule” available on the Hong Kong Representative’s website at www.franklintempleton.com.hk* or upon request from the Hong Kong Representative.

As of the date of this letter, the following Funds offer distribution share classes with “pc” in their names to the public of Hong Kong:

1. Franklin Strategic Income Fund; and
2. Templeton Emerging Markets Dynamic Income Fund.

As a result, the first paragraph under the sub-section headed “DIVIDENDS – Share Classes with suffix “pc”” under the section headed “DIVIDENDS AND ACCOUNTS” in the Explanatory Memorandum shall be amended as follows (with revisions in mark-ups):

“Share classes with “pc” in their names (e.g. Class A (Mdis-pc)) are distribution share classes designed to offer, under normal market conditions, dividend distribution at a fixed percentage of the Net Asset Value per Share. This may result in such share classes either paying out both income and capital in distribution payments, or not substantially distributing all the investment income which a share class has earned. The dividends, which are not dependent on the level of income or capital gains actually received or generated by the Fund may be paid out of capital and further reduce the relevant Fund’s and share classes’ Net Asset Value. Dividends paid out of capital could be taxed as income in certain jurisdictions. The distribution frequency, as well as the respective target distribution yield for such share classes will be disclosed ~~in the Product Key Facts Statement of the relevant Fund as well as in the~~ “Dividend Schedule” available on the Hong Kong Representative’s website at www.franklintempleton.com.hk or upon request from the Hong Kong Representative. The Board of Directors reserves the right to change the fixed percentage of the “pc” distribution share classes at any time, subject to one month’s prior notification to the relevant Shareholders. For example, if it is believed after review of the market and Fund circumstances that the estimated level of income that the Fund is reasonably in a position to generate does not correspond to the declared fixed distribution target of the share class. In such a case, a lower amount of dividend to be distributed may be declared and the new target distribution yield will be disclosed ~~in the Product Key Facts Statement of the relevant Fund as well as in the~~ “Dividend Schedule” as mentioned above. The Shareholders are therefore invited to regularly consult this website. Equally, the Board of Directors may deem appropriate to declare a dividend higher than the target fixed distribution if it is envisaged that the level of income of the Fund is greater than the target fixed distribution of the share class.”*

(3) Other updates

The Explanatory Memorandum shall be updated to reflect the below:

- (a) As the Franklin NextStep Dynamic Growth Fund and Franklin NextStep Stable Growth Fund have ceased to be authorized funds in Hong Kong from 3 January 2024, references to and information relating to these Funds in the Explanatory Memorandum are longer applicable and shall be removed in their entirety.

- (b) In relation to the pre-contractual disclosures of the Templeton Asian Bond Fund, Templeton Emerging Markets Bond Fund and Templeton Global Bond Fund, the disclosure relating to good governance shall be updated to clarify that while good governance requirement is technically not applicable to sovereign, the investment team will try to engage with governments on that subject when possible. As a result, the fifth paragraph under the question headed *“What is the policy to assess good governance practices of the investee companies?”* in the pre-contractual disclosures of the Templeton Asian Bond Fund, Templeton Emerging Markets Bond Fund and Templeton Global Bond Fund shall be amended as follows (with revisions in mark-ups):

“Sovereign governance is regularly assessed and monitored as part of the process. ~~The~~ From time to time, the Investment Manager ~~maintains contacts~~ has discussions with governments, central banks and other institutions at various levels. ~~On a frequent basis, Certain of these discussions are held particularly around~~ may include governance and economic best practices, and ~~in those meetings~~ the Investment Manager ~~shares~~ may share its views while also trying to better understand government stances on economic policies and governance, as well as sustainability and social topics to facilitate the investment decision making.”

- (c) The first paragraph under the sub-section headed “SUSPENSION AND TERMINATION” in the section headed “ADDITIONAL INFORMATION” shall be amended as follows (with revisions in mark-up):

“The Company may, after consultation with the Depositary, having regard to the best interests of Shareholders, suspend the determination of the Net Asset Value of Shares of any Fund and hence the issue, redemption or switching of Shares in the Funds when: (a) there is a closure or suspension of trading on any market on which a substantial portion of that Fund’s investments are normally quoted, listed, or dealt in; (b) the existence of any state of affairs which constitutes an emergency as a result of which the disposal or valuation of investments attributable to that Fund is impracticable; (c) when there is a breakdown or restriction in the means of communication normally employed in determining the price or value of any of that Fund’s investments or the current price or values on any stock exchange or market; (d) the value of that Fund’s investments cannot, in the opinion of the Board of Directors, be transferred or repatriated at normal rates of exchange; (e) any period when the Net Asset Value of Shares of any Fund may not be determined accurately; (f) during any period when in the opinion of the Board of Directors there exists unusual circumstances where it would be impractical or unfair towards the investors to continue dealing in the Shares of any Fund or circumstances where a failure to do so might result in the investors or a Fund

incurring any liability to taxation or suffering other pecuniary disadvantage or other detriment which the investors or a Fund might not otherwise have suffered; (g) if the Company or a Fund is being or may be wound-up, on or following the date on which such decision is taken by the Board of Directors or notice is given to Shareholders of a general meeting at which a resolution to wind-up the Company or a Fund is to be proposed; (h) in the case of a merger, if the Board of Directors deems this to be justified for the protection of the Shareholders; or (i) in the case of a suspension of the calculation of the net asset value of one or several underlying investment funds in which a Fund has invested a substantial portion of assets. In accordance with the Law of 17 December 2010, the issue and redemption of Shares shall be prohibited: (a) during the period where the Company has no depositary; and (b) where the Depositary is put into liquidation or declared bankrupt or seeks an arrangement with the creditors, a suspension of payment or a controlled management or is the subject of similar proceedings.

- (d) The third paragraph under the sub-section headed “ANTI-MONEY LAUNDERING AND COUNTER-TERRORIST FINANCING LEGISLATION” in the section headed “ADDITIONAL INFORMATION” shall be amended as follows (with revisions in mark-up):

“The Management Company reserves the right to ask at any time for additional information and documentary evidence, such as updated identity documentation, source of funds and origin of wealth, as may be required in higher risk scenarios or to comply with any applicable laws and regulations, including applicable Luxembourg regulations on the prevention of the use of the financial sector for money laundering purposes. In case of delay or failure to provide such information and/or documentary evidence, the Management Company may delay or reject the processing of purchase or sale instructions, or any other transaction. The Management Company may also delay or suspend the payment of dividends until relevant and satisfactory information and/or documentation is received. In addition, the Management Company reserves the right to stop the payment of any commissions, to block further transactions in the Company’s Funds and/or to ultimately terminate the business relationship with sub-distributors, intermediaries, brokers/dealers and/or professional investors after reasonable attempts from the Management Company to reach agreement on updated terms and conditions or contractual arrangements, obtain the missing or updated documentation (including underlying clients’ documentation) requested from such sub-distributors, intermediaries, brokers/dealers and/or professional investors in line with applicable laws and regulations, thus preventing the Management Company from fulfilling its anti-money laundering and counter-terrorism financing obligations. Neither the Company nor the Management Company have any liability for delays or failure to process deals as a result of sub-distributors, intermediaries, brokers/dealers, professional investors and/or the Investors providing no or only incomplete information and/or documentary evidence.”

- (e) Updates to the information relating to the board of directors of the Company, as well as the board of managers and conducting officers of the Management Company.
- (f) Other taxation, administrative, clarificatory and/or editorial updates.

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The changes set out in this letter do not amount to a material change to the Funds. There is no material change or increase in the overall risk profiles of any of the Funds following the above changes. Further, the above changes do not have a material adverse impact on Investors' rights or interests (including changes that may limit Investors' ability in exercising their rights), and the above changes are not expected to give rise to any change in the fee level or fee structure of any of the Funds.

Any costs and/or expenses incurred in connection with the above changes shall be borne by the Management Company, other than the cost of publishing this letter, which is estimated to be approximately HKD120,000 and which shall be charged and allocated to the Funds based on the pro rata share of the Net Asset Value of the Funds.

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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 shall be updated to reflect the above changes in due course. An updated version of the Explanatory Memorandum shall be available for download from the Hong Kong Representative's website at www.franklintempleton.com.hk*, and it shall 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 appointed Transfer Agent and Dealing Hotline at +852 2805 0033 / 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