



**FRANKLIN TEMPLETON**

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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, 7 November 2025

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 August 2025, as amended from time to time (the “**Explanatory Memorandum**”). The changes set out in this letter took effect as of 22 September 2025 (the “**Effective Date**”).

**1. Changes to the SFDR pre-contractual disclosures**

The Board of Directors has decided to make amendments to the SFDR pre-contractual disclosures of the Funds. Accordingly, the paragraph under the section titled “*What investment strategy does this financial product follow?*” relating to ESG exclusions in the SFDR pre-contractual disclosures of the relevant Fund will be revised as follows:

<b>Fund(s)</b>	<b>Summary of Change(s)</b>
<ul style="list-style-type: none"> <li>• Franklin Technology Fund</li> <li>• Franklin Biotechnology Discovery Fund</li> <li>• Franklin U.S. Opportunities Fund</li> <li>• Franklin Innovation Fund</li> </ul>	<p>Removal of the following exclusion:</p> <ul style="list-style-type: none"> <li>○ <i>Generate more than 10% of revenue from the production and/or distribution of weapons;</i></li> </ul> <p>Update to the following exclusion:</p> <ul style="list-style-type: none"> <li>○ <i>Manufacture tobacco or tobacco products; <del>or those that derive more than 5% of their revenue from such products;</del></i></li> </ul>
<ul style="list-style-type: none"> <li>• Franklin Mutual European Fund</li> <li>• Franklin Mutual Global Discovery Fund</li> </ul>	<p>Removal of the following exclusion:</p> <ul style="list-style-type: none"> <li>○ <i>Derive more than 10% of revenue from the manufacture or sale of weapons;</i></li> </ul>
<ul style="list-style-type: none"> <li>• Templeton European Insights Fund</li> </ul>	<p>Removal of the following exclusion:</p> <ul style="list-style-type: none"> <li>○ <i>Generate more than 5% of their revenue from conventional weapons;</i></li> </ul>

<ul style="list-style-type: none"> <li>• Templeton Global Fund</li> </ul>	Removal of the following exclusion: <ul style="list-style-type: none"> <li>○ <i>Companies that derive more than 10% revenue from any other weapons;</i></li> </ul>
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In addition, the SFDR pre-contractual disclosures for the following Funds have been updated to reflect certain ESG-related changes for clarity and consistency purposes:

- Templeton Asian Bond Fund
- Templeton Emerging Markets Bond Fund
- Templeton Global Bond Fund
- Templeton Global Total Return Fund

The updated SFDR pre-contractual disclosures for the above Funds are 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/hv85nxxn6tb/ftifsfdr-pre-contractual-disclosure-annexes\\_hk\\_cn](https://franklintempletonprod.widen.net/s/hv85nxxn6tb/ftifsfdr-pre-contractual-disclosure-annexes_hk_cn)<sup>1</sup> (*Traditional Chinese version*), and they shall also be made available at the office of the Hong Kong Representative.

## 2. Clarification on the treatment of special distribution of the Restricted Share Classes of Templeton Eastern Europe Fund

To ensure that any future special distribution of the Restricted Shares Classes is treated in the same manner as a dividend distribution by using the existing process workflow, the first bullet point under the sub-section headed "Additional Information" in the profile of Templeton Eastern Europe Fund shall be amended as follows (with revisions shown in mark-up):

- “• *to allow the proper functioning of the Fund, Russian assets held by the Fund (including Russian local shares and Russian assets listed ex-Russia) (the "Restricted Assets") as of 25 February 2022, have been segregated from the liquid assets within the Fund and allocated to three share classes newly created to that effect on 11 November 2022 (the "**Restricted Share Classes**") and are managed with the aim to realise them in the best interest of the Shareholders, which may result in a distribution without a redemption of share classes. Shares in such new classes listed in the table below have been allocated to Shareholders on 11 November 2022 in a manner to reflect their respective percentage holdings in the Fund's total Net Asset Value as of 25 February 2022. The Restricted Share Classes are closed to subscriptions, redemptions and switches.*

<sup>1</sup> This website has not been reviewed by the Securities and Futures Commission.

<b>Restricted Share Classes</b>
<b>A (acc) EUR RC</b>
<b>N (acc) EUR RC</b>
<b>A (acc) USD RC</b>

For the avoidance of doubt, this change is solely for clarification and there is no change to the dividend frequency or rate for these Restricted Share Classes.

### 3. Updates to the contact details of the Registrar and Transfer Agent

The contact details of the Registrar and Transfer Agent as set out in the sub-section headed “ADMINISTRATIVE INFORMATION” under the section headed “MANAGEMENT AND ADMINISTRATION” shall be amended as follows (with revisions shown in mark-up):

#### **“REGISTRAR AND TRANSFER AGENT**

##### **Contact Details:**

Tel: +352 27 94 0990

Fax: +352 46 66 76 +352 342080 9861

E-mail: ~~lucs@franklintempleton.com~~ service.Lux.franklintempleton@fisglobal.com”

### 4. Other updates

The Explanatory Memorandum shall also be updated to reflect the below:

- (a) The following risk factors set out in the section headed “RISK CONSIDERATIONS” shall be amended as follows (with revisions shown in mark-up):

#### **“Chinese Market risk**

~~Risks associated with the Chinese Market China are similar to the “Emerging Markets risk” and “Geopolitical risk” described below. With the government having a greater control over allocation of resources, the risks that naturally prevail in this type of market is political and legal uncertainty, currency fluctuations and blockage, no government support on reform or nationalisation and expropriation of assets. Such risks can have a negative impact on the performance of the relevant Fund.~~

~~The Chinese market is undergoing economic reform, including reforms of decentralisation which are unprecedented or experimental and subject to modification which may not always have a positive outcome on the performance of the economy and the value of securities in the relevant Fund.~~

~~Securities traded in the Chinese markets may be subject to a range of reputational risks such as risks borne by companies being subject to cyber abuses, sanctions concerns and negative accusations over labor and human rights, environmental degradation, ties to high-risk countries and entities overseas.~~

~~The Chinese economy is also export driven and highly reliant on trade. Adverse changes in the economic conditions of its primary trading partners such as the US, Japan and South Korea would adversely impact the Chinese economy and the relevant Fund's investments.~~

Such risks include:

- currency devaluations and other currency exchange rate fluctuations;
- economic, legal, political or social instability and uncertainty;
- more substantial government involvement in the economy; and
- an economy that is heavily reliant on particular industries, commodities or trading partners.

*In recent years, political tensions within Hong Kong have risen. Such increased political tensions could have potential impacts on the political and legal structures in Hong Kong. They could also affect investor and business confidence in Hong Kong, which in turn could affect markets and business results.*

~~There are also risk and uncertainties associated with the current Mainland China tax laws, regulations and practice in respect of capital gains realized on the Fund's investment in Mainland China (which may have retrospective effect). Any increased tax liabilities on the Fund may adversely affect the Fund's value.~~

In addition, the ongoing geopolitical tensions between China and other countries including the United States may result in tariffs, investment restrictions and have adverse impacts on affected companies and investments. For example, the United States has imposed tariffs and other trade barriers on Chinese exports, has restricted sales of certain categories of goods to China, and has established barriers to investments in China. Trade disputes may adversely affect the economies of the United States and its trading partners, as well as companies directly or indirectly affected and financial markets generally.

Accordingly, investors should be aware that these risks, ongoing geopolitical tensions (including trade disputes) and possible future restrictions could limit the Fund's opportunities for investment, affect the investments' performance, require the sale of investments at a loss and/or make them difficult to sell.

### **Geopolitical risk**

*Geopolitical risk refers to the potential for disrupting economies or financial markets, and affecting the liquidity and/or performance of investments, limiting opportunities for investment and/or requiring the sale of investments at a loss due to political events or instability in a country or region. These events can include wars, terrorism, political upheaval, changes in government policies and international conflicts (including trade disputes).*

### **Securitisation risk**

A securitisation, as defined in the article 2 of Regulation (EU) 2017/2402 of the European Parliament and of the council of 12 December 2017 is a transaction or scheme, whereby the credit risk associated with an exposure or a pool of exposures is tranching, having all of the following characteristics: (i) payments in the transaction or scheme are dependent upon the performance of the exposure or of the pool of exposures; (ii) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme; (iii) the transaction or scheme does not create exposures which possess all of the characteristics listed in Article 147(8) of Regulation (EU) No 575/2013.

Securitisation encompasses a wide-range of assets including “Asset-backed Securities”, “Collateralised Debt Obligations” and “Mortgage-backed Securities”.

A securitisation is composed of multiple tranches, usually spanning from the equity tranche (highest risk) to the senior tranche (the lowest risk). The performance of each tranche is determined by the performance of the underlying assets or “collateral pool”.

The collateral pool can encompass securities with different credit qualities, including high-yield securities and junk bonds, and the credit rating of the tranche is not reflective of the quality of the underlying assets.

~~Mortgage-backed securities differ from conventional debt securities in that principal is paid back over the life of the security rather than at maturity, as the underlying mortgages are subject to unscheduled pre-payments of principal before the security's maturity date due to voluntary prepayments, refinancings or foreclosures on the underlying mortgage loans. To the Fund this means a loss of anticipated interest, and a portion of its principal investment represented by any premium the Fund may have paid over par at the time of purchase. Mortgage pre-payments generally increase when interest rates fall.~~

~~Mortgage-backed securities also are subject to extension risk. An unexpected rise in interest rates could reduce the rate of pre-payments on mortgage-backed securities and extend their life. This could cause the price of the mortgage-backed securities to be more sensitive to interest rate changes. Issuers of asset backed securities may have limited ability to enforce the security interest in the underlying assets, and credit enhancements provided to support the securities, if any, may be inadequate to protect investors in the event of default.~~

~~Collateralised Mortgage Obligations (CMOs) are securities backed by a pool of mortgage pass-through securities or actual mortgage loans that are structured into various tranches with varying maturities and varying priorities in terms of their access to the principal and interest payments from the underlying assets. Such securities will have, depending on the tranches, varying degrees of pre-payment risk and credit risk, depending on their priority in the capital structure. The shorter, more senior tranches will generally be lower risk than the longer dated, more junior tranches.~~

Securitisations can take different forms such as but not limited to:

- Asset Backed Securities (ABS)
- Mortgage-Backed Securities (MBS)
- Commercial Mortgage-Backed Securities (CMBS)
- Residential Mortgage-Backed Securities (RMBS)
- Collateralised Mortgage Obligations (CMOs)
- Collateralised Loan/Debt Obligations (CLOs/CDOs)

Asset-Backed Securities (ABS) are financial instruments backed by a pool of underlying assets such as credit card receivables, home-equity loans, manufactured homes, automobile loans, student loans, equipment leases, or senior bank loans, among others. These securities allow investors to receive income from the payments made on the underlying loans or receivables.

Mortgage-Backed Securities (MBS) are a type of asset-backed security that is secured by a collection (or pool) of mortgage loans. These loans are typically sold by banks or other financial institutions to a trust or special purpose vehicle (SPV), which then issues securities to investors. Agency MBS are mortgage-backed securities issued or guaranteed by U.S. government-sponsored enterprises (GSEs) or government agencies. These securities are considered to have lower credit risk due to the backing of these entities. In contrast, non-agency MBS are not guaranteed by the government and are considered riskier primarily because they are exposed to credit risk (default risk).

Mortgage-backed securities may be offered as interest only (IO) or principal only (PO) strips, where only the interest or the principal of the underlying mortgages in the pool is passed on to the security holders. These types of securities are highly sensitive to the pre-payment experience associated with the underlying mortgages and will behave in opposite ways to the same trend in pre-payments. For IO securities, early pre-payments within the pool will mean less than expected interest payments since the mortgages will have terminated, adversely affecting security holders. For PO securities, early pre-payments within the pool will mean quicker repayment of principal than expected, benefiting security holders. Because of the highly sensitive nature of these securities, the possibility of sharp declines in prices is much greater compared to conventional mortgage-backed securities.

Mortgage- and asset-backed securities may be structured as synthetic securities. For example, the CMBX is a credit default swap on a basket of CMBS bonds, constituting in effect a CMBS index. By purchasing such an instrument, the Fund is buying protection (i.e. the ability to get par for the bonds in the event of an unfavourable credit event), allowing the Fund to hedge its exposure or go short the CMBS sector. By selling such an instrument short and holding cash against the potential obligation to purchase it, the Fund is selling protection and effectively getting long exposure to the CMBS sector more quickly and efficiently than purchasing individual bonds. The risks associated with such synthetic instruments are comparable to those of the underlying ABS or MBS securities that the instruments are seeking to replicate, in addition to the risk that the synthetic instruments themselves do not perform as intended due to adverse market conditions.

~~Asset-backed securities are very similar to mortgage-backed securities, except that the securities are collateralised by other types of assets besides mortgages, such as credit card receivables, home equity loans, manufactured homes, automobile loans, student loans, equipment leases, or senior bank loans, among others. Like mortgage-backed securities, asset-backed securities are subject to pre-payment and extension risks.~~

Commercial Mortgage-Backed Securities (CMBS) are fixed-income investment products that are backed by a pool of commercial real estate loans.

Residential Mortgage-Backed Securities (RMBS) are fixed-income investments that are backed by a pool of residential mortgage loans; typically, home loans made to individuals.

Collateralised Mortgage Obligations (CMOs) are securities backed by a pool of mortgage pass-through securities or actual mortgage loans that are structured into various tranches with varying maturities and varying priorities in terms of their access to the principal and interest payments from the underlying assets.

Collateralised Loan/Debt Obligations (CLOs/CDOs) are similar to ABS/MBS type of securities. The main difference being the nature of the collateral pool, which is not constituted of debt securities or mortgages but rather leveraged loans issued by corporates.

In addition to the normal risks associated with debt securities and asset backed securities (e.g., interest rate risk, credit risk and default risk), CDOs and CLOs carry additional risks including, but not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or quality or go into default or be downgraded; (iii) a Fund may invest in tranches of a CDO or CLO that are subordinate to other classes; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer, difficulty in valuing the security or unexpected investment results.

Securitisations described above are subject to varying degrees of prepayment risk, extension risk and default risk based on the nature and structure of their underlying assets. The shorter, more senior tranches will generally be lower risk than the longer dated, more junior tranches.

- Prepayment risk: For securitisations where principal is paid back over the life of the security rather than at maturity, the underlying assets or mortgages are subject to unscheduled pre-payments of principal before the security's maturity date due to voluntary prepayments, refinancings or foreclosures on the underlying. To the Fund this means a loss of anticipated interest, and a portion of its principal investment represented by any premium the Fund may have paid over par at the time of purchase. Mortgage pre-payments generally increase when interest rates fall.

- Extension risk: An unexpected rise in interest rates could reduce the rate of pre-payments on securitisations and extend their life. This could cause the price of the securitisation to be more sensitive to interest rate changes. Issuers of securitisations may have limited ability to enforce the security interest in the underlying assets, and credit enhancements provided to support the securities, if any, may be inadequate to protect investors in the event of default.
- (b) Updates to the information relating to the board of managers as well as the conducting officers of the Management Company.
- (c) Update to the address of Templeton Asset Management Ltd to “7 Temasek Boulevard, #26-03 Suntec Tower One, Singapore 038987”.
- (d) Other 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. Save as otherwise provided herein, the above changes will not result in any other change in the features of the Funds, and there will be no material impact on the asset allocation and risks applicable to the Funds. There will be no material change to the operation and/or manner in which the Funds are being managed and there will be no effect on Investors. These changes will not give rise to any change in the fee level or cost in managing the Funds. Furthermore, the above changes will not materially prejudice the rights or interests of Investors.

The costs and/or expenses associated with the above changes are estimated to be approximately HKD130,000 and 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](http://www.franklintempleton.com.hk)<sup>1</sup> and 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 62/F, Two International Finance Centre, 8 Finance Street, 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