



**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, 29 April 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 2024, as amended from time to time (the “**Explanatory Memorandum**”). Unless otherwise stated, the changes set out in this letter took effect as of 28 March 2024.

(1) Change of address of Franklin Templeton Investments (Asia) Limited

Franklin Templeton Investments (Asia) Limited currently acts as the Hong Kong Representative and the Investment Manager for certain Funds. We would like to inform you that on or around 29 April 2024, the address of Franklin Templeton Investments (Asia) Limited will be changed to 62/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. If there is any update to the effective date of this change, please refer to the Hong Kong Representative’s website at www.franklintempleton.com.hk¹ for details.

(2) Clarificatory change to remuneration payable to the Management Company

The language relating to remuneration payable to the Management Company has been updated to include details of the services provided by the Management Company for clarification purposes. Accordingly, the heading “MANAGEMENT COMPANY REMUNERATION” under the section headed “CHARGES AND EXPENSES” of the Explanatory Memorandum has been amended as follows:

“~~For performing registrar and transfer, corporate, domiciliary and administrative functions for the Company, providing management company and ancillary services, the Management Company receives as remuneration an annual fee from the Company a maximum annual fee of of up to 0.2175% of the net asset value of the Company, and an additional fixed amount of USD30 per Shareholder account at the relevant Class level over each one (1) year period (for example, if an account is open for one month,~~

¹ This website has not been reviewed by the SFC.

the Company will pay Franklin Templeton International Services S.à r.l. USD30/12 for that account for that month). Such remuneration will be calculated and accrued daily and will be paid monthly in arrears. Management Company and ancillary services include but are not limited to, the performance of investment risk management and governance services (including but not limited to monitoring activities on the performance of delegated activities of the Funds, compliance and legal services, money laundering controls, regulatory oversight, internal audit, corporate, domiciliary and administrative functions) for the Company. This annual fee includes any remuneration paid to (i) J.P. Morgan SE, Luxembourg Branch for its services rendered to the Company as Administrative Agent and (ii) Virtus Partners Fund Services Luxembourg S.à r.l. for its services rendered to the Company as Registrar and Transfer Agent.

(3) Reduction of initial sales charge for Money Market Funds

With effect from 2 April 2024, no initial sales charge is imposed on the issue of Class A Shares in Money Market Funds. Notwithstanding that no initial sales charge is levied on the issue of Class A Shares in a Money Market Fund, the Principal Distributor has discretion to impose an initial sales charge of up to 5% of the amount to be switched out of a Money Market Fund to other Fund.

As of the date of this letter, the Franklin U.S. Dollar Short-Term Money Market Fund is the only Money Market Fund currently offers to the public of Hong Kong.

(4) ESG-related updates of the Templeton Global Climate Change Fund

The following ESG-related updates has been made to the Templeton Global Climate Change Fund:

- (a) Update of the investment strategy of the Fund, including the removal of the resilient companies;
- (b) Update of the binding commitment, as further described in the SFDR pre-contractual disclosures of the Fund, to include reduction of the investment universe by at least 20%, by excluding companies with the worst climate scores according to the Investment Manager's proprietary methodology;
- (c) Removal of the Net Zero Asset Managers Initiative ("NZAMI") wording throughout the SFDR pre-contractual disclosures of the Fund; and
- (d) Update to the SFDR pre-contractual disclosures of the Fund to clarify the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy if the Fund's share of sustainable investments with an environmental objective aligned with the EU Taxonomy exceeds its minimum commitment.

(5) Addition of secondary benchmark for the Templeton Global Climate Change Fund and Templeton Global Fund

MSCI ACWI Investable Market Index has been added as a secondary benchmark for the Templeton Global Climate Change Fund and Templeton Global Fund. This benchmark is used as a proxy for the universe and for the purpose of ESG rating comparison.

(6) Updated SFDR pre-contractual disclosures of certain Funds

We would like to inform you that the SFDR pre-contractual disclosures of the Franklin Euro Government Bond Fund has been updated to reflect the increase of the minimum proportion of sustainable investments from 11% to 30%. The Fund's sustainable investments include a minimum allocation of 25% of its portfolio to sustainable investments in economic activities that contribute to environmental objectives and a minimum allocation of 5% of its portfolio to sustainable investments in economic activities that contribute to social objectives. 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.

In addition, the SFDR pre-contractual disclosures of the relevant Funds have been amended to reflect the following key updates:

- (a) Removal of the NZAMI wording throughout the SFDR pre-contractual disclosures of the Franklin Biotechnology Discovery Fund, Franklin Innovation Fund, Franklin Technology Fund and Franklin U.S. Opportunities Fund, Templeton Global Fund and Templeton European Small-Mid Cap Fund.
- (b) The language relating to divestment has been added to the SFDR pre-contractual disclosures of the Franklin Biotechnology Discovery Fund, Franklin Innovation Fund, Franklin Technology Fund and Franklin U.S. Opportunities Fund:
 - The question headed "*Does this financial product consider principal adverse impacts on sustainability factors?*" has been updated to include the following paragraph:

"If a decision to divest occurs, divestment will normally occur within a period of one month, unless market conditions such as limitations on liquidity require a longer divestment period taking into account Shareholders' best interests."

- The question headed "*What investment strategy does this financial product follow?*" has been updated to include the following paragraph:

"If a security held by the Fund falls under at least one of the Fund's exclusions, the Investment Managers will divest from such security as soon as practicably possible. Divestment will normally occur within a period of one month, unless market conditions such as limitations on liquidity require a longer divestment period taking into account Shareholders' best interests."

- (c) In relation to the SFDR pre-contractual disclosures of the Templeton Asian Growth Fund, Templeton China A-Shares Fund and Templeton China Fund, the question headed “*What investment strategy does this financial product follow?*” has been updated to include the following language relating to divestment:

“If an investment no longer meets the ESG criteria for inclusion upon the Investment Managers’ analysis and discussion with the company, the Fund will divest within the period of six months (if market conditions allow so), taking into account the best interests of the Shareholders.”

- (d) In relation to the SFDR pre-contractual disclosures of the Franklin Euro High Yield Fund, the second paragraph under the question headed “*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*” has been updated to replace “MSCI” by “a third party data provider” as follows:

“Alignment is monitored using data from ~~MSCI~~ a third party data provider. Breaches identified by that service provider are flagged in the investment compliance system for subsequent investigation by the Investment Managers. Where due diligence proves that the issuer is not aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, it is deemed un-investible.”

Please refer to the updated SFDR pre-contractual disclosures of the relevant Funds for details.

(7) Other updates

The Explanatory Memorandum has also been updated to reflect the below:

- (a) Updates to the information relating to the board of directors of the Company as well as the board of managers and the conducting officers of the Management Company.
- (b) 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. Other than the above changes, all other features of the Funds remain the same and there will be no impact on the asset allocation, risk profile and fee level or fee structure of the Funds. The above changes will also not have a material adverse impact on Investors’ rights or interests (including changes that may limit holders’ ability in exercising their rights).

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 and the Product Key Facts Statements of the relevant Funds reflecting the above changes are available for download from the Hong Kong Representative's website at www.franklintempleton.com.hk¹, and they are also available at the office of the Hong Kong Representative.

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 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