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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, 23 October 2026

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 2026, as amended from time to time (the "**Explanatory Memorandum**").

## 1. Enhanced disclosures regarding existing liquidity management tools

We would like to inform you that, on or around 6 November 2026, certain amendments will be made to enhance and clarify the disclosures relating to the liquidity management tools currently available to the Company, as summarized below:

### a) Redemption gate

It is clarified that the Company reserves the right not to be bound to accept redemption or exchange requests on any Valuation Day if the aggregate value of such requests received corresponds to more than 10% of the net asset value of the Shares of any Fund (the "**Activation Threshold**") (instead of more than 10% of the value of the Shares of any Fund as currently disclosed). In these circumstances, the Board of Directors may declare that the redemption of part or all of such Shares will be deferred for a period as the Company considers to be in the best interests of the Fund and its Shareholders (rather than for a period not exceeding ten (10) Business Days as currently disclosed), and will be valued at the relevant Net Asset Value per Share determined on the Valuation Day(s) on which the Shares are redeemed. On such Valuation Day(s) these requests for redemption will be complied with in priority to later requests. A Fund that decides to activate a redemption gate shall execute

on a pro rata basis the requests from Shareholders for a given Valuation Day for an amount that corresponds to at least the level of the Activation Threshold.

If and for so long as a Fund is authorised by the SFC, the Fund shall be subject to applicable SFC requirements and guidance, including those relating to the timing of payment of redemption proceeds. Where redemption requests are deferred pursuant to the redemption gate provisions set out in the Explanatory Memorandum, payment of redemption proceeds in respect of the deferred redemption requests should normally be made within one calendar month of receipt of the relevant redemption request, unless the market(s) in which a substantial portion of the Fund's investments is made are subject to legal or regulatory requirements (such as foreign exchange controls) that render such payment within that period impracticable. In such case, the extended time frame for the payment of redemption money shall reflect the additional time needed in light of the specific circumstances in the relevant market(s).

**b) Redemption in specie**

It is clarified that when redemption in specie is used as a liquidity management tool, it shall only be activated to meet redemption of Shares requested by Shareholders who qualify as professional investors under the Directive 2014/65/UE, and, in principle, if the redemption in specie corresponds to a pro rata share of the assets held by the Fund.

**c) Side pockets**

The Explanatory Memorandum will include enhanced disclosures regarding the Company's ability, in the best interests of Shareholders and in accordance with applicable laws, regulations and regulatory requirements, to segregate certain assets of a Fund affected by exceptional circumstances by means of a side pocket.

Such segregation may be implemented by any appropriate means, including, inter alia:

(i) a dedicated share class of a Fund created specifically to implement the accounting segregation of the assets whose economic or legal features have changed significantly or have become uncertain due to exceptional circumstances from the other assets of the Company;

(ii) a separate Fund created specifically to separate the assets whose economic or legal features have changed significantly or have become uncertain due to exceptional circumstances from the other assets of the Company.

For the purposes of the side pocket referred to in point (i) above, new purchases and sales in share classes other than the share class dedicated to the side-pocket shall be executed on the basis of the net asset value of the Company, which shall be calculated after excluding the assets that are subject to the accounting segregation.

The side pocket share class shall be closed to purchases and sales.

Where the Company activates a side pocket as referred to in point (ii) above, the assets whose economic or legal features have changed significantly or have become uncertain due to exceptional circumstances shall remain in the original Fund, while the other assets shall be transferred to a new Fund, or shall be transferred through a merger into an existing Fund.

The original Fund shall be closed to purchases and sales and shall be put into liquidation. The new Fund, where applicable, shall be authorised and managed in accordance with the investment strategy of the original Fund.

Upon the creation of a side pocket Fund, each investor shall be allocated Shares in the side pocket Fund in proportion to their respective participation in the original Fund.

The assets subject to segregation may include, without limitation, financial instruments:

- whose liquidity has significantly deteriorated;
- whose valuation is uncertain or suspended; or
- that are impacted by exceptional market, credit or operational events.

The Company shall ensure that:

- all Shareholders are treated fairly;
- any such decision is taken in the sole interest of Shareholders; and
- appropriate information is communicated to Shareholders as soon as reasonably practicable.

**d) Suspensions**

The disclosures relating to suspensions under the section headed "ADDITIONAL INFORMATION – SUSPENSION AND TERMINATION" of the Explanatory Memorandum will be enhanced and clarified. In particular:

- it will be clarified that the Company may, depending on the circumstances, suspend the determination of the Net Asset Value of Shares of any Fund and/or the issue, redemption or switching of Shares in the Funds. This provides greater flexibility for the Company to suspend either the valuation process or dealing activities, or both, depending on the circumstances;

- the grounds in which a suspension may be imposed will be expanded and clarified, including:

    - Point (a) is amended to clarify that a suspension may arise where there is a closure of, restriction or suspension of trading on any of the principal stock exchanges or markets on which a substantial portion of the Fund's investments are traded;
    - Point (b) is amended to provide that a suspension may be imposed where an emergency exists such that the disposal or valuation of assets owned by the Company attributable to the relevant Fund is impracticable; and
    - Point (d) is amended to clarify that a suspension may be imposed during any period when the Company is unable to repatriate funds for the purpose of making payments due on sale of such Shares or any period when the transfer of funds involved in the realisation or acquisition of investments or payments due on sale

of such Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange.

- It is clarified that in accordance with applicable laws and regulations, the suspension of purchases, sales and switches will apply simultaneously and to all share classes and Shareholders of a Fund. A suspension of purchases, sales and switches of Shares shall be temporary, strictly limited to the period necessary to address the exceptional circumstances that justify this suspension, and may only be implemented where it is duly justified having regards to the best interests of Shareholders. During the period where purchases, sales and switches are suspended, the Company may continue to calculate the Net Asset Value of the relevant Fund and to publish an official Net Asset Value. If no official Net Asset Value is published during this period, an informative Net Asset Value may be made available to Shareholders for informational purposes only.

Impact

The above amendments are intended to enhance and clarify the disclosures relating to the liquidity management tools available to the Company. These changes do not result in any change to the way the Company is currently managed. All other features of the Company remain the same and there will be no impact on the asset allocation, risk profile or on the fees charged to the Funds.

**2. Naming update to distribution share classes**

The Board of Directors informs you of an update which will be made to the naming convention of all distribution share classes of the Company (the "**Distribution Shares**") effective 19 February 2027. The update will include a suffix in the name of each Distribution Share to distinguish the level of distribution which is made.

Why are we making this change?

The objective of this update is to provide investors with greater clarity and understanding of how income and other distributions are paid out, with descriptive labels that better reflect the distribution methodology of each Distribution Share.

Timing

On 2 December 2026, shareholders will receive a further communication confirming the suffix to be added to each share class name and when this will be effective.

Impact

Only the name of the Distribution Shares will be updated to include a suffix. The names of the Funds are not changing. No material changes are being made to the way distributions are paid. These changes will not impact the fees, nor how the Funds are managed. The changes also do not alter the Funds' underlying investment strategies, risk profiles, objectives or any identifiers related to the Funds or share classes.

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The costs and/or expenses (including printing costs) associated with the above changes will be approximately HKD 75,000 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 and the Product Key Facts Statements of the Funds 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**[1], 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 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

[1] This website has not been reviewed by the SFC.