

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, 24 July 2023

Dear Investors,

**Franklin Templeton Investment Funds (the “Company”)
- Amendments in relation to several sub-funds of the Company (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**”).

(1) SFDR reclassification of the Templeton Asian Growth Fund, Templeton China A-Shares Fund, Templeton China Fund and Templeton Emerging Markets Fund

We would like to inform you that the Board of Directors has decided, in light of Investors’ demand, to have the Funds 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 their SFDR related disclosures, in order to reflect the ESG methodology applied to the Funds 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:

- (i) The SFDR pre-contractual disclosures for the Funds shall be added to the section “SFDR PRE-CONTRACTUAL DISCLOSURE ANNEXES”. On or around the Effective Date (as defined below), the bilingual SFDR pre-contractual disclosures for the Funds 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_en¹ (*English version*) and https://franklintempletonprod.widen.net/s/hv85nxxn6tb/ftif-sfdr-pre-contractual-disclosure-annexes_hk_cn¹ (*traditional Chinese version*), and they will also be made available at the office of the Hong Kong Representative.

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

- (ii) To make reference to the Funds' SFDR pre-contractual disclosures, the following paragraph shall be incorporated in the Funds' profiles as set forth below:

“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.”

- (a) added immediately after the second paragraph under the sub-section headed “Investment Policy” in the profile of the Templeton Asian Growth Fund;
- (b) added to replace the third paragraph under the sub-section headed “Investment Policy” in the profile of the Templeton China A-Shares Fund;
- (c) added immediately after the third paragraph under the sub-section headed “Investment Objective/Policy” in the profile of the Templeton China Fund; and
- (d) added immediately after the second paragraph under the sub-section headed “Investment Objective/Policy” in the profile of the Templeton Emerging Markets Fund.
- (iii) To state that the Funds 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 profile for the Funds shall be amended, as further detailed in the Appendix of this letter.
- (iv) “Sustainability risk” shall be added to the sub-section headed “Risks of Investing in the Fund” in the profile of each of the Funds as a risk pertaining to the Funds.

The changes detailed above will become effective as from 25 August 2023 (the “**Effective Date**”).

The above changes do not amount to material changes to the Funds 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 Funds, the above changes will have no material impact on the way the Funds are being managed and their portfolios' composition. There will be no material change or increase in the overall risk profile of the Funds following the above changes. Further, the above changes will not give rise to any change in the fee level or cost in managing the Funds. The above changes do not have a material adverse impact on the Investors' rights or interests.

(2) Use of financial derivative instruments (“FDIs”) for the Templeton Asian Growth Fund, Templeton China Fund and Templeton Emerging Markets Fund

The section headed “FUND INFORMATION, OBJECTIVES AND INVESTMENT POLICIES” of the Explanatory Memorandum currently states that subject to the limits set forth in the investment restrictions, the Company may, with respect to each sub-fund of the Company, invest in FDIs for the purpose of efficient portfolio management (except for Money Market Funds) or hedging.

To clarify that the Investment Manager may use FDIs for hedging and/or efficient portfolio management purposes, in line with other sub-funds of the Company that are managed by the same investment management team, the following enhanced disclosures shall be made to the Explanatory Memorandum:

- (i) The following paragraph shall be added immediately before the last paragraph under (a) the sub-section headed “Investment Policy” in the profile of the Templeton Asian Growth Fund

and (b) the sub-section headed “Investment Objective/Policy” in the profile of each of the Templeton China Fund and Templeton Emerging Markets Fund:

“The Fund may further utilise financial derivative instruments for hedging and/or efficient portfolio management. These financial derivative instruments may be dealt in either on Regulated Markets or over-the-counter, and may include, inter alia, swaps, forwards and futures contracts (including those on equity indices) as well as options (including warrants).”

- (ii) “Warrants risk” shall be added to the sub-section headed “Risks of Investing in the Fund” in the profile of each of the Funds as a risk pertaining to the Funds.

Since the use of FDIs for hedging and/or efficient portfolio management purposes was already permitted in the Explanatory Memorandum, the above changes are made for clarification purpose only and do not amount to material changes to the Funds. The above changes will have no material impact on the way the Funds are being managed and their portfolios’ composition. There will be no material change or increase in the overall risk profile of the Funds following the above changes. Further, the above changes will not give rise to any change in the fee level or cost in managing the Funds. The above changes do not have a material adverse impact on the Investors’ rights or interests.

(3) Benchmark change for the Franklin U.S. Dollar Short-Term Money Market Fund

With effect on 1 February 2023, the applicable benchmark used for performance comparison purposes of the Fund has changed from the LIBID-USD-1-Month-Rate Index (“**Outdated Benchmark**”) to the Bloomberg US Treasury 1-3 Month Index (“**New Benchmark**”).

Due to regulatory and market developments, the Outdated Benchmark has been discontinued. The Management Company selected the New Benchmark as the Management Company believes it is the most suitable alternative for the Fund, while having no impact on the fees charged to the Fund.

Other than the change outlined above, all other features of the Fund remain the same and there will be no impact on the asset allocation, risk profile or on the fees charged to the Fund.

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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 HKD30,000 and which will 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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If you do not agree with the changes numbered (1) above you may request, free of charge until 4:00 p.m. on the Effective Date, for a redemption of your shares of the Fund impacted by such changes or a switching of such shares into shares of other sub-funds of the Company that are authorized² 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 authorized² 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.

² 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 the changes numbered (1) above, 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-authorized² 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 statements of the Funds will be updated to reflect the changes numbered (1) and (2) above 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.hk¹, and they will also be made available at the office of the Hong Kong Representative in due course. The change numbered (3) above has already been reflected in the Explanatory Memorandum and the current issued product key facts statement of the Fund.

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

Appendix

Enhanced disclosures shall be made to the sub-section headed “Investor’s Profile” in the profile for each of the below Funds:

Fund	Enhanced disclosures
Templeton Asian Growth Fund	<p><u>Investor’s Profile</u> The Fund is suitable for investors: <u>Considering the investment objectives, as stated above, the Fund may appeal to investors looking to:</u></p> <ul style="list-style-type: none"> • <u>invest in a Fund compliant with Article 8 of the SFDR;</u> • seeking <u>achieve</u> capital appreciation by investing in securities of companies in Asia, including emerging markets; and • planning to hold their investments <u>invest</u> for the medium to long term.
Templeton China A-Shares Fund	<p><u>Investor’s Profile</u> The Fund may appeal to investors looking to: <u>Considering the investment objectives, as stated above, the Fund may appeal to investors looking to:</u></p> <ul style="list-style-type: none"> • <u>invest in a Fund compliant with Article 8 of the SFDR;</u> • <u>achieve</u> capital appreciation by investing in equity securities of companies domiciled in Mainland China and/or traded on Chinese stock exchanges; and • <u>invest</u> for the medium to long term.
Templeton China Fund	<p><u>Investor’s Profile</u> The Fund is suitable for investors: <u>Considering the investment objectives, as stated above, the Fund may appeal to investors looking to:</u></p> <ul style="list-style-type: none"> • <u>invest in a Fund compliant with Article 8 of the SFDR;</u> • seeking <u>achieve</u> capital appreciation by investing in equity securities of China; and • planning to hold their investments <u>invest</u> for the medium to long term.
Templeton Emerging Markets Fund	<p><u>Investor’s Profile</u> The Fund is suitable for investors: <u>Considering the investment objectives, as stated above, the Fund may appeal to investors looking to:</u></p> <ul style="list-style-type: none"> • <u>invest in a Fund compliant with Article 8 of the SFDR;</u> • seeking <u>achieve</u> capital appreciation by investing in emerging markets; and • planning to hold their investments <u>invest</u> for the medium to long term.