

This letter is important and requires your immediate attention.

If you are in any doubt about the contents of this letter, you should seek independent professional advice.

30 November 2016

Dear Investor,

Franklin Templeton Investment Funds (the “Company”)

The purpose of this letter is to inform you of revisions to the Explanatory Memorandum dated December 2010, as amended, of the Company (the “**Current Explanatory Memorandum**”) in respect of:

- (1) changes to the investment policies of certain of the sub-funds of the Company (the “**Funds**”) (which will take effect on 30 December 2016);
- (2) revisions to the investment restrictions of the Company (which will take effect on 30 December 2016);
- (3) increases in the expected level of leverage of certain Funds and a change in the name of the relative VaR reference benchmark for the Franklin Strategic Income Fund;
- (4) changes in the designation, roles and responsibilities of the Custodian arising from amendments to the Undertakings for Collective Investment in Transferable Securities Directive (“**UCITS Directive**”), which took effect on 18 March 2016; and
- (5) changes to circumstances under which the Board of Directors may terminate a Fund (which will take effect on the date of this letter).

Unless otherwise specified herein, capitalized terms used herein shall have the meanings assigned to such terms in the Current Explanatory Memorandum.

1. Revisions to investment policies of certain Funds

To provide investors with greater transparency on certain Funds’ investment policies, the section “INVESTMENT OBJECTIVES AND POLICIES” on page 8 to 37 of the Current Explanatory Memorandum shall with effect from 30 December 2016 be revised by the addition of the following disclosures (underlined) to the investment policies of the following Funds:

A. Franklin Asia Credit Fund

Revised Investment Policy	Rationale for revisions
The Fund seeks to achieve its objective by investing principally* <u>(which generally means that at least two-thirds of the Fund’s net</u>	The revisions are to provide investors with greater transparency on the Fund’s

assets (without taking into account ancillary liquid assets) shall be invested into the relevant securities. In exceptional market circumstances (such as extreme volatility) and on a temporary basis only, up to 100% of the Fund's net assets may be invested in liquid assets, with due regard to the principle of risk spreading) in a portfolio composed of fixed and/or floating rate debt securities issued or guaranteed by governments (including government agencies and government-related bodies), corporations and/or financial institutions, which are either (i) domiciled in Asian countries[‡] which are included in the JP Morgan Asia Credit Index benchmark ("JACI benchmark"), or (ii) have significant business activities within countries included in the JACI benchmark. As a result, the Fund will be concentrated in one region (i.e., Asia). The investments of the Fund may, from time to time, be concentrated in certain countries in Asia.

Debt securities may include bonds, notes, commercial paper[‡] (which are unsecured, short-term debt instruments issued by a corporation), preferred securities[§] (which are a class of securities that gives the holder a claim, prior to the claim of common stockholders, on earnings and also generally on assets in the event of liquidation) (including trust-preferred securities^{**} (which are hybrid securities with characteristics of both debt and equity issues. It is generally very long term, allows early redemption by the issuer, makes periodic fixed or variable interest payments, and matures at face value)), contingent capital securities^{**} (which are hybrid debt securities that convert into equity when there is a crisis or when certain triggers (such as when an issuer's common equity ratio in relation to its regulatory risk-weighted assets falls below a specified level) are met), hybrid bonds^{**} (which are hybrid debt securities with characteristics of both debt and equity issues. It is a type of convertible security that is generally subordinated in priority, has a very long or perpetual tenor, and has a fixed interest rate which may change over the tenor of the bond), private placement securities and bonds convertible into common stock or with warrants attached, as well as covered bonds^{**} (which are securities issued by a financial institution and backed by a group of loans residing on the balance sheet of the financial institution known as the "cover pool". The assets in the pools can consist of high quality private mortgage loans or public sector loans, or a mix of the two) and sukuk issues. Hybrid bonds and contingent capital securities not included in the JACI benchmark will not represent more than 10% of the Fund's net assets.

The Fund may invest up to in below investment grade ("high yield") debt securities (i.e., securities rated below BBB- by Standard & Poor's or below Baa3 by Moody's) or unrated securities deemed to be equivalent to below investment grade, provided that the Fund will not invest more than 10% of its net assets in securities issued and/or guaranteed by any single sovereign issuer (including its government and a public or local authority of that country) with a credit rating below investment grade at the time of purchase. The aggregate investments in high yield corporate debt securities may represent a significant part of the Fund's portfolio. It is currently intended that the Fund may invest up to the higher of (i) 50% or (ii) the percentage weighting of high yield corporate debt securities within the JACI benchmark plus 20%, of its net assets in high yield corporate debt securities. Additionally, the Fund may invest up to 5% of its net assets in debt

investment policy and to inform investors that:

(i) the investments of the Fund may, from time to time, be concentrated in certain countries in Asia;

(ii) the Fund may invest in below investment grade ("high yield") debt securities or unrated securities deemed to be equivalent to below investment grade, and may invest significantly (i.e., up to the higher of 50%, or the percentage weighting of high yield corporate debt securities within the JACI benchmark plus 20%, of its net assets) in high yield corporate debt securities;

(iii) the Fund's investments in restructuring companies is subject to the relevant limits on below investment grade and defaulted debt securities; and

(iv) the Fund's investments in UCIs include both open and closed end UCIs.

Relevant risk considerations

For details of the relevant risk considerations pertaining to the Fund's potential concentration in certain countries in Asia, please refer to the risk disclosures on "Concentration risk" (under paragraph 5(C) on page 10 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015), "Emerging Markets risk" on page 42 of the Current Explanatory Memorandum (as amended by paragraph 5(H) of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015 and "Regional Market risk" (under paragraph 2(i) on page 4 of the 2013 Addendum to the Current Explanatory Memorandum dated April 2013).

For details of the relevant risk considerations pertaining to the Fund's investments in below investment grade ("high yield") debt securities and unrated securities, please refer to the risk disclosure on "Low-Rated, Unrated or Non-Investment Grade Securities risk" (under paragraph 5(N) on page 18 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).

For details of the relevant risk considerations pertaining to the Fund's

~~securities on which the issuer is currently (at the time of purchase) not making principal or interest payments (defaulted debt securities). Subject to the foregoing limitations on below investment grade and defaulted debt securities, the Fund and may hold, on an ancillary basis, securities of companies that are, or are about to be, involved in reorganisations, financial restructurings, or bankruptcy. The Fund and may also continue to hold debt securities after the issuer has defaulted on principal or interest payments.~~

The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may be dealt on either regulated markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps or fixed-income related total return swaps), forwards and cross forwards, futures contracts (including those on government securities), as well as options (including warrants). Use of financial derivative instruments may result in negative returns in a specific yield curve/duration, currency or credit since, among other things, the price of financial derivative instruments are dependent on the price of their underlying instruments and these prices may go up or down.

The Fund may invest up to 10% of its net assets into units of UCITS and other open and closed end UCIs, which may include other Funds of the Company as well as exchange traded funds. ~~Additionally, the Fund may invest up to 5% of its net assets in debt securities on which the issuer is currently not making principal or interest payments (defaulted debt securities).~~

The Fund may distribute income gross of expenses.

~~* It generally means that at least two thirds of the Fund's net assets (without taking into account ancillary liquid assets) shall be invested into the relevant securities. In exceptional market circumstances (such as extreme volatility) and on a temporary basis only, up to 100% of the Fund's net assets may be invested in liquid assets, with due regard to the principle of risk spreading.~~

~~† Although the Fund will be concentrated in one region (i.e., Asia), the Fund currently does not intend to invest more than 20% of its net assets in a single country.~~

~~‡ Commercial paper are unsecured, short term debt instruments issued by a corporation.~~

~~§ Preferred securities are a class of securities that gives the holder a claim, prior to the claim of common stockholders, on earnings and also generally on assets in the event of liquidation.~~

~~** A trust preferred security is a hybrid security with characteristics of both debt and equity issues. It is generally very long term, allows early redemption by the issuer, makes periodic fixed or variable interest payments, and matures at face value.~~

~~†† A contingent capital security is a hybrid debt security that converts into equity when there is a crisis or when certain triggers (such as when an issuer's common equity ratio in relation to its regulatory risk weighted assets falls below a specified level) are met.~~

~~‡‡ A hybrid bond is a hybrid debt security with characteristics of both debt and equity issues. It is a type of convertible security that is generally subordinated in priority, has a very long or perpetual tenor, and has a fixed interest rate which may change over the tenor of the bond.~~

~~§§ Covered bonds are securities issued by a financial institution and backed by a group of loans residing on the balance sheet of the financial institution known as the "cover pool". The assets in the pools can consist~~

investments in open and closed end UCIs, please refer to the risk disclosure on "Investment Funds risk" (under paragraph 5(L) on page 17 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).

of high quality private mortgage loans or public sector loans, or a mix of the two.

B. Franklin Global Growth And Value Fund

Revised Investment Policy	Rationale for revisions
<p>The Fund invests in equity securities and debt securities convertible or expected to be convertible into common or preferred stocks of companies of any market capitalisation located anywhere in the world, including Emerging Markets. At least half of the Fund’s assets without taking into account ancillary liquid assets shall be made in equity securities or similar instruments. The Fund may also invest in American, European and Global Depositary Receipts. The Fund invests in both “value” and “growth” stocks and the allocation of assets to each is monitored and rebalanced regularly.</p> <p><u>The Fund may invest up to 10% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect) and in China B-Shares.</u></p>	<p>To disclose that the Fund may invest in China A-Shares through the Shanghai-Hong Kong Stock Connect program and in China B-Shares directly, for up to 10% (in the aggregate) of its net assets.</p> <p>To disclose that the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy, for the purpose of generating additional capital or income or for reducing costs or risks. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</p>
<p><u>For the purpose of generating additional capital or income or for reducing costs or risks, the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</u></p>	<p>Relevant risk considerations</p> <p>For details of the relevant risk considerations pertaining to the Fund’s investments in the Chinese market and investments made through the Shanghai-Hong Kong Stock Connect program, please refer to the risk disclosures on “Chinese Market risk” (under paragraph 3(A) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015), “Chinese Short Swing Profit Rule risk” (under paragraph 5(A) on page 9 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015), “Shanghai-Hong Kong Stock Connect risk” (under paragraph 3(B) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015) and “Foreign Currency risk” on page 43 of the Current Explanatory Memorandum (as amended by paragraph 7(J) on page 16 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015).</p> <p>For details of the relevant risk considerations pertaining to the Fund’s securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p>

C. Franklin Global Listed Infrastructure Fund

Revised Investment Policy	Rationale for revisions
<p>The Investment Manager seeks to achieve its investment objective by investing in listed equity securities of infrastructure-related companies and partnerships whose principal business is the ownership, management, construction, operation, utilisation or financing of infrastructure assets and which are located around the world, including emerging markets. The Fund seeks to invest in companies and partnerships across a wide range of infrastructure-related sectors and countries. In addition, the Fund may invest up to 10% of its net assets in exchange-traded funds.</p> <p><u>The Fund may also utilise certain financial derivative instruments for hedging and/or efficient portfolio management. These financial derivative instruments may be either dealt on regulated markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps), forwards and cross forwards, futures contracts including index futures, or options on such contracts, equity-linked notes as well as options. The Fund does not intend to invest extensively in financial derivative instruments for investment purposes.</u></p> <p>The Fund may distribute income gross of expenses.</p>	<p>To inform investors that the Fund may utilise certain financial derivative instruments for hedging and/or efficient portfolio management purposes. The Fund is currently not using financial derivative instruments for these purposes. Currently, the expected maximum level of leverage of the Fund based on the “commitment” approach is 45%. The Fund does not intend to invest extensively in financial derivative instruments for investment purposes both before and after the revisions.</p> <p>Relevant risk considerations</p> <p>For details of the relevant risk considerations pertaining to the Fund’s use of financial derivative instruments, please refer to the risk disclosure on “Derivative Instruments risk” on page 41 of the Current Explanatory Memorandum (as amended).</p>

D. Franklin Mutual Beacon Fund

Revised Investment Policy	Rationale for revisions
<p>The Fund pursues its objectives principally through investments in common stock, preferred stock, and debt securities convertible or expected to be convertible into common or preferred stock. No more than 20% of the Fund’s net assets will generally be invested in securities of non-US issuers. The opinions of the Investment Manager are based upon analysis and research, taking into account, among other factors, the relationship of book value (after taking into account accounting differences among countries) to market value, cash flow, multiple of earnings of comparable securities, creditworthiness of issuers, as well as the value of collateral securing a debt obligation, with the objective of purchasing equity and debt securities at below their intrinsic value.</p> <p>The Fund may also seek to invest in the securities of companies involved in mergers, consolidations, liquidations and reorganizations or as to which there exist tender or exchange offers, and may participate in such transactions. To a lesser extent, the Fund may also purchase debt securities, both secured and unsecured, of companies involved in reorganisation or financial restructuring, <u>including low-rated and non-investment grade securities.</u></p> <p>The Investment Manager may take temporary defensive cash position when it believes the securities trading markets or the economies of countries where the Fund invests are experiencing excessive volatility or prolonged general decline or other adverse conditions.</p>	<p>To disclose that the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy, for the purpose of generating additional capital or income or for reducing costs or risks. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</p> <p>To disclose that the debt securities that the Fund may purchase may include low-rated and non-investment grade securities.</p> <p>To clarify that the Fund’s use of financial derivative instruments is for hedging and/or efficient portfolio management purposes. The Fund is currently using financial derivative instruments for these purposes and the expected maximum level of leverage of the Fund based on the “commitment” approach is 45%. The Fund does not intend to invest extensively in financial derivative instruments for investment purposes both before and after the revisions.</p>

<p>The Fund may invest in <u>utilise financial derivative instruments for hedging and/or efficient portfolio management purposes. These financial derivative instruments, which</u> may include, but are not limited to, futures, options, contracts for difference, forward contracts on financial instruments and options on such contracts, swaps such as credit default swaps or synthetic equity swaps. The Fund may, through the use of financial derivative instruments, hold covered short positions provided that the long positions held by the Fund are sufficiently liquid to cover, at any time, its obligations resulting from its short positions. <u>The Fund does not intend to invest extensively in financial derivative instruments for investment purposes.</u></p> <p><u>For the purpose of generating additional capital or income or for reducing costs or risks, the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</u></p>	<p style="text-align: center;">Relevant risk considerations</p> <p>For details of the relevant risk considerations pertaining to the Fund’s securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p> <p>For details of the relevant risk considerations pertaining to the Fund’s investments in low-rated and non-investment grade securities, please refer to the risk disclosure on “Low-Rated, Unrated or Non-Investment Grade Securities risk” (under paragraph 5(N) on page 18 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).</p> <p>For details of the relevant risk considerations pertaining to the Fund’s use of financial derivative instruments, please refer to the risk disclosure on “Derivative Instruments risk” on page 41 of the Current Explanatory Memorandum (as amended).</p>
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E. Franklin Mutual European Fund

Revised Investment Policy	Rationale for revisions
<p>The Fund principally invests in equity securities and debt securities convertible or expected to be convertible into common or preferred stock of companies incorporated or having their principal activities in European countries that the investment manager believes are available at prices less than their actual value based on certain recognised or objective criteria (intrinsic value). These include common stocks, preferred stocks and convertible securities. The Fund invests predominantly its total net invested assets (being the Fund’s assets less any cash or cash equivalents) in the securities of issuers organised under the laws of or whose principal business operations are located in European countries. For purposes of the Fund’s investments, European countries means all of the countries that are members of the European Union, Eastern and Western Europe and those regions of Russia and the former Soviet Union that are considered part of Europe. The Fund currently intends to invest principally in securities of issuers in Western Europe. The Fund normally invests in securities from at least five different countries, although, from time to time, it may invest all of its assets in a single country. The Fund may invest up to 10% of its total net invested assets in securities of non-European issuers.</p> <p>The Fund may also seek to invest in the securities of companies involved in mergers, consolidations, liquidations and</p>	<p>To disclose that the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy, for the purpose of generating additional capital or income or for reducing costs or risks. <u>For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</u></p> <p>To clarify that the Fund’s use of financial derivative instruments is for hedging, efficient portfolio management and/or investment purposes. The Fund is currently using financial derivative instruments for these purposes and the expected maximum level of leverage of the Fund based on the “commitment” approach is 45%. The Fund does not intend to invest extensively in financial derivative instruments for investment purposes both before and after the revisions.</p>

<p>reorganizations or as to which there exist tender or exchange offers, and may participate in such transactions. To a lesser extent, the Fund may also purchase debt securities, both secured and unsecured, of companies involved in reorganization or financial restructuring.</p> <p>The Investment Manager may take temporary defensive cash position when it believes the securities trading markets or the economies of countries where the Fund invests are experiencing excessive volatility or prolonged general decline or other adverse conditions.</p> <p>The Fund may invest in <u>utilise</u> financial derivative instruments <u>for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments, which</u> may include, but are not limited to, futures, options, contracts for difference, forward contracts on financial instruments and options on such contracts, swaps such as credit default swaps or synthetic equity swaps. The Fund may, through the use of financial derivative instruments, hold covered short positions provided that the long positions held by the Fund be sufficiently liquid to cover, at any time, its obligations resulting from its short positions. <u>The Fund does not intend to invest extensively in financial derivative instruments for investment purposes.</u></p> <p><u>For the purpose of generating additional capital or income or for reducing costs or risks, the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</u></p>	<p style="text-align: center;">Relevant risk considerations</p> <p>For details of the relevant risk considerations pertaining to the Fund’s securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p> <p>For details of the relevant risk considerations pertaining to the Fund’s use of financial derivative instruments, please refer to the risk disclosure on “Derivative Instruments risk” on page 41 of the Current Explanatory Memorandum (as amended).</p>
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F. Franklin Mutual Global Discovery Fund

Revised Investment Policy	Rationale for revisions
<p>The Fund pursues its objective principally through investments in common stock, preferred stock and debt securities convertible or expected to be convertible into common or preferred stock of companies of any nation as well as in sovereign debts and participations in foreign government debts that the Investment Manager believes are available at market prices less than their value based on certain recognised or objective criteria (intrinsic value). The Fund primarily invests in mid- and large-cap companies with a market capitalisation around or greater than 1.5 billion US dollars.</p> <p>The Fund may also seek to invest in the securities of companies involved in mergers, consolidations, liquidations and reorganisations or as to which there exist tender or exchange offers, and may participate in such transactions. To a lesser extent, the Fund may also purchase debt securities, both secured and unsecured, of companies involved in reorganisation or financial restructuring.</p> <p>The Investment Manager may take temporary defensive cash position when it believes the securities trading markets or the economies of countries where the Fund invests are experiencing</p>	<p>To disclose that the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy, for the purpose of generating additional capital or income or for reducing costs or risks. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</p> <p>To clarify that the Fund’s use of financial derivative instruments is for hedging, efficient portfolio management and/or investment purposes. The Fund is currently using financial derivative instruments for these purposes and the expected maximum level of leverage of the Fund based on the “commitment” approach is 45%. The Fund does not intend to invest extensively in financial derivative instruments for investment purposes both before and after the revisions.</p>

<p>excessive volatility, a prolonged general decline or other adverse conditions.</p> <p>The Fund may invest in <u>utilise</u> financial derivative instruments for <u>hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments, which</u> may include, but are not limited to, futures, options, contracts for difference, forward contracts on financial instruments and options on such contracts, swaps such as credit default swaps or synthetic equity swaps. The Fund may, through the use of financial derivative instruments, hold covered short positions provided that the long positions held by the Fund be sufficiently liquid to cover, at any time, its obligations resulting from its short positions. <u>The Fund does not intend to invest extensively in financial derivative instruments for investment purposes.</u></p> <p><u>For the purpose of generating additional capital or income or for reducing costs or risks, the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</u></p>	<p style="text-align: center;">Relevant risk considerations</p> <p>For details of the relevant risk considerations pertaining to the Fund’s securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p> <p>For details of the relevant risk considerations pertaining to the Fund’s use of financial derivative instruments, please refer to the risk disclosure on “Derivative Instruments risk” on page 41 of the Current Explanatory Memorandum (as amended).</p>
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G. Franklin U.S. Equity Fund

Revised Investment Policy	Rationale for revisions
<p>The Fund’s investment strategy is to invest principally in US equity securities, including common and preferred stocks, or securities convertible into common stocks, as well as American Depository Receipts and American Depository Shares (of companies based outside the US) that are listed on the major US stock exchanges. The Investment Manager employs an active, bottom-up fundamental research process to search for individual securities believed to possess superior risk-return characteristics, taking into account both future growth potential and valuation considerations. The Fund generally seeks to maintain a portfolio consisting of securities of approximately 20-50 companies. This strategy is applied in a diversified manner, enabling the Investment Manager to search in all areas of the US stock market, including any market capitalisation size, sector and industry. The Fund may also, from time to time, invest up to 10% of its net assets in equity securities of companies based outside the US that are not listed on the major US stock exchanges. On an ancillary basis, the Fund may employ hedging techniques and hold cash reserves from time to time. <u>The Fund may utilise financial derivative instruments for hedging and/or efficient portfolio management purposes. These financial derivative instruments may include, but are not limited to, forwards and futures contracts or options on such contracts. The Fund does not intend to invest extensively in financial derivative instruments for investment purposes.</u></p>	<p>To disclose that the Fund may utilise derivative transactions for hedging and/or efficient portfolio management purposes. The Fund is currently not using financial derivative instruments for these purposes. Currently, the expected maximum level of leverage of the Fund based on the “commitment” approach is 45%. The Fund does not intend to invest extensively in financial derivative instruments for investment purposes both before and after the revisions.</p> <p style="text-align: center;">Relevant risk considerations</p> <p>For details of the relevant risk considerations pertaining to the Fund’s use of financial derivative instruments, please refer to the risk disclosure on “Derivative Instruments risk” on page 41 of the Current Explanatory Memorandum (as amended).</p>

H. Franklin World Perspectives Fund

Revised Investment Policy	Rationale for revisions
<p>The Fund seeks to achieve this objective by investing in equity and equity-related transferable securities (including equity-linked notes, such as participatory notes) across the world. The</p>	<p>To disclose that the Fund may invest in China A-Shares through the Shanghai-Hong Kong Stock Connect program and in</p>

<p>Investment Manager and the Investment Co-Managers, located in various countries around the globe, develop local portfolios of securities with the intention to outperform the relevant market of each region. The Fund’s exposure to various regions and markets may vary from time to time according to the Investment Manager’s opinion as to the prevailing conditions and prospects for these markets. The Fund may also invest in financial derivative instruments for hedging purposes and/or efficient portfolio management, which may include, inter alia, swaps such as credit default swaps, forwards, futures contracts, as well as options on such contracts dealt in either on Regulated Markets or over-the-counter.</p> <p>In choosing equity investments, the Investment Manager focuses on the market price of a company’s securities relative to its evaluation of the company’s long-term earnings, asset value and cash flow potential.</p> <p>The Fund invests in equity securities in developed, Emerging and Frontier Markets across the entire market capitalisation spectrum, and in companies listed on the stock markets in regions / countries that may include but are not limited to Africa, Australia, North America: United States, Canada; Latin America: Brazil; Europe; Asia: Japan, Korea, China, India; and the Middle East, with the benefit of local knowledge and growth oriented investment style. The Frontier Markets countries are smaller, less developed and less accessible Emerging Markets countries, but with “investable” equity markets and include those defined as Frontier Markets by International Finance Corporation as well as included in Frontier Markets related indices, for example Bahrain, Bulgaria, Kazakhstan, Nigeria, Pakistan, Vietnam etc. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.</p> <p><u>The Fund may invest up to 10% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect) and in China B-Shares.</u></p>	<p>China B-Shares directly, for up to 10% (in the aggregate) of its net assets.</p> <p>Relevant risk considerations</p> <p>For details of the relevant risk considerations pertaining to the Fund’s investments in the Chinese market and investments made through the Shanghai-Hong Kong Stock Connect program, please refer to the risk disclosures on “Chinese Market risk” (under paragraph 3(A) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015), “Chinese Short Swing Profit Rule risk” (under paragraph 5(A) on page 9 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015), “Shanghai-Hong Kong Stock Connect risk” (under paragraph 3(B) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015) and “Foreign Currency risk” on page 43 of the Current Explanatory Memorandum (as amended by paragraph 7(J) on page 16 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015).</p>
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I. Templeton Asian Bond Fund

Revised Investment Policy	Rationale for revisions
<p>The Fund seeks to achieve its objective by investing principally in a portfolio of fixed and floating rate debt securities and debt obligations issued by government and government-related issuers, and/or corporate entities located throughout Asia. The Fund may also purchase debt obligations issued by supranational entities organised or supported by several national governments, such as the International Bank for Reconstruction and Development or the European Investment Bank. The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may be dealt either in regulated markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps or fixed income related total return swaps), forwards and cross forwards, futures contracts (including those on government securities), as well as options. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit. The Fund may also, in accordance with the investment restrictions, invest in securities</p>	<p>To disclose that the Fund may invest up to 25% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase.</p> <p>Plus minor editorial revisions.</p> <p>Relevant risk considerations</p> <p>For details of the relevant risk considerations pertaining to the Fund’s investments in sovereign debt, please refer to the risk disclosures on “Concentration risk” (under paragraph 5(C) on page 10 of the 2015 Second Addendum to the Current</p>

<p>structured products where the security is linked to or derives its value from another security or is linked to assets or currencies of any Asian country or deriving its value from another security, including structured products. The Fund may also purchase mortgage and asset-backed securities and convertible bonds. The Fund may invest in investment grade and non-investment grade debt securities issued by Asian issuers including securities in default. The Fund may purchase fixed income securities and debt obligations denominated in any currency, and it may hold equity securities to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation. The Fund may also participate in mortgage dollar roll transactions.</p> <p>The Fund may invest up to 33% of its total assets, either directly or through the use of financial derivative instruments, in fixed and floating rate debt securities and debt obligations issued by government and government-related issuers or corporate entities located outside of Asia which are impacted by economic or financial dynamics in Asia. <u>The Fund may invest up to 25% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase (such as India, Indonesia, Mainland China, Malaysia, Mongolia, Philippines, Sri Lanka, Thailand and Vietnam). Such investments (if any) are made based on the professional judgment of the Investment Manager whose reasons for investment may include a favourable/positive outlook on the sovereign issuer, potential for rating upgrades and the expected changes in the value of such investments due to rating changes. Please note that the abovementioned sovereigns are named for reference only and are subject to change as their credit ratings may change from time to time.</u></p> <p>The Fund may distribute income gross of expenses.</p>	<p>Explanatory Memorandum dated October 2015) and “Sovereign Debt risk” (under paragraph 5(Y) on page 24 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).</p>
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J. Templeton Asian Dividend Fund

Revised Investment Policy	Rationale for revisions		
<p>The Fund seeks to achieve its investment objective by investing principally in equity securities of companies across the market capitalisation spectrum which are (i) incorporated or listed in the Asia region, and/or (ii) listed or incorporated elsewhere in the world but have their principal business activities in the Asia region. The Asia Region includes, but is not limited to, the following countries: Bangladesh, Cambodia, Hong Kong, India, Indonesia, Korea, Malaysia, Mainland China, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam.</p> <p>The Fund applies the traditional Templeton investment method but seeks to generate a higher income yield by emphasising stocks which the Investment Manager believes offer attractive dividend yields at the time of purchase and/or the prospect for attractive dividend yields in the future. The stock selection approach is bottom-up, long-term value-oriented with strong emphasis on diligence and discipline.</p> <p>The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and/or investment</p>	<p>To disclose that the Fund may invest in China A-Shares through the Shanghai-Hong Kong Stock Connect program and in China B-Shares directly, for up to 10% (in the aggregate) of its net assets.</p> <tr> <td colspan="2" data-bbox="917 1619 1410 1653" style="text-align: center;">Relevant risk considerations</td> </tr> <p>For details of the relevant risk considerations pertaining to the Fund’s investments in the Chinese market and investments made through the Shanghai-Hong Kong Stock Connect program, please refer to the risk disclosures on “Chinese Market risk” (under paragraph 3(A) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015), “Chinese Short Swing Profit Rule risk” (under paragraph 5(A) on page 9 of the 2015 Second Addendum to the Current</p>	Relevant risk considerations	
Relevant risk considerations			

<p>purposes. These financial derivative instruments may be dealt on either regulated markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps and total return swaps on equity securities), forwards and cross forwards, futures contracts (including those on government securities), as well as options. Use of financial derivative instruments may result in negative returns in a specific yield curve/duration, currency or credit since, among other things, the price of financial derivative instruments are dependent on the price of their underlying instruments and these prices may go up or down. The Fund may invest up to 15% of its net assets in securities or structured products (such as equity-linked securities) where the security is linked to or derives its value from another security or is linked to assets or currencies of any country. <u>The Fund does not intend to invest extensively in financial derivative instruments for investment purposes.</u></p> <p>In addition, since the investment objective is more likely to be achieved through an investment policy which is flexible and adaptable, the Fund may also, on an ancillary basis, invest in participatory notes, other types of transferable securities, including equity and fixed income securities of issuers worldwide (investment grade, non-investment grade and unrated) and other instruments (including convertible securities, money market instruments and liquid assets as more specifically set out in the section “Investment Restrictions” on pages 50 to 57 of the Current Explanatory Memorandum) that are consistent with the investment objective of the Fund.</p> <p><u>The Fund may invest up to 10% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect) and in China B-Shares.</u></p> <p>The Fund may distribute income gross of expenses.</p>	<p>Explanatory Memorandum dated October 2015), “Shanghai-Hong Kong Stock Connect risk” (under paragraph 3(B) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015) and “Foreign Currency risk” on page 43 of the Current Explanatory Memorandum (as amended by paragraph 7(J) on page 16 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015).</p>
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K. Templeton BRIC Fund

Revised Investment Policy	Rationale for revisions		
<p>The Fund invests primarily in equity securities of companies (i) organised under the laws of or with their principal office in Brazil, Russia, India and China (including Hong-Kong and Taiwan) (“BRIC”) or (ii) which derive the principal portion of their revenues or profits from BRIC economies or have the principal portion of their assets in BRIC economies.</p> <p>Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of transferable securities, including debt and fixed income securities and in money market instruments.</p> <p><u>The Fund may invest up to 10% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect) and in China B-Shares.</u></p>	<p>To disclose that the Fund may invest in China A-Shares through the Shanghai-Hong Kong Stock Connect program and in China B-Shares directly, for up to 10% (in the aggregate) of its net assets.</p> <tr> <td colspan="2" data-bbox="917 1612 1410 1657" style="text-align: center;">Relevant risk considerations</td> </tr> <p>For details of the relevant risk considerations pertaining to the Fund’s investments in the Chinese market and investments made through the Shanghai-Hong Kong Stock Connect program, please refer to the risk disclosures on “Chinese Market risk” (under paragraph 3(A) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015), “Chinese Short Swing Profit Rule risk” (under paragraph 5(A) on page 9 of the 2015 Second Addendum to the Current</p>	Relevant risk considerations	
Relevant risk considerations			

	Explanatory Memorandum dated October 2015), “Shanghai-Hong Kong Stock Connect risk” (under paragraph 3(B) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015) and “Foreign Currency risk” on page 43 of the Current Explanatory Memorandum (as amended by paragraph 7(J) on page 16 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015).
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L. Templeton China Fund

Revised Investment Policy	Rationale for revisions
<p>The Fund’s investment objective is capital appreciation, which it seeks to achieve through a policy of investing primarily in equity securities of companies: (i) organised under the laws of or with their principal offices in Mainland China (“China”), Hong Kong or Taiwan or (ii) which derive the principal portion of their revenue from goods or services sold or produced, or have the principal portion of their assets in China, Hong Kong or Taiwan.</p> <p>The Fund may also invest in equity securities of companies (i) for which the principal market for the trading of securities is China, Hong Kong or Taiwan or (ii) that are linked to assets or currencies in China, Hong Kong or Taiwan.</p> <p>Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may also seek investment opportunities in other types of securities such as preferred stock, securities convertible into common stock, and corporate and government debt obligations which are US dollar and non-US dollar denominated.</p> <p><u>The Fund may invest up to 10% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect) and in China B-Shares.</u></p>	<p>To disclose that the Fund may invest in China A-Shares through the Shanghai-Hong Kong Stock Connect program and in China B-Shares directly, for up to 10% (in the aggregate) of its net assets.</p>
	Relevant risk considerations
	<p>For details of the relevant risk considerations pertaining to the Fund’s investments in the Chinese market and investments made through the Shanghai-Hong Kong Stock Connect program, please refer to the risk disclosures on “Chinese Market risk” (under paragraph 3(A) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015), “Chinese Short Swing Profit Rule risk” (under paragraph 5(A) on page 9 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015), “Shanghai-Hong Kong Stock Connect risk” (under paragraph 3(B) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015) and “Foreign Currency risk” on page 43 of the Current Explanatory Memorandum (as amended by paragraph 7(J) on page 16 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015).</p>

M. Templeton Emerging Markets Fund

Revised Investment Policy	Rationale for revisions
<p>The Fund’s investment objective is capital appreciation, which it seeks to achieve through a policy of investing primarily in equity securities, and as an ancillary matter in debt obligations, issued by corporations incorporated or having their principal business activities in, and governments of, developing or emerging nations.</p>	<p>To disclose that the Fund may invest in China A-Shares through the Shanghai-Hong Kong Stock Connect program and in China B-Shares directly, for up to 10% (in the aggregate) of its net assets.</p>

<p>The Fund may also invest in those companies, which derive a significant proportion of their revenues or profits from emerging economies or have a significant portion of their assets in emerging economies. The Fund may also invest in equity and debt securities of issuers that are linked to assets or currencies of emerging nations. The Fund invests primarily in common stocks.</p> <p>Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of securities, such as preferred stock, participatory notes, securities convertible into common stock, and corporate and government debt obligations.</p> <p><u>The Fund may invest up to 10% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect) and in China B-Shares.</u></p>	<table border="1"> <thead> <tr> <th data-bbox="914 219 1402 264">Relevant risk considerations</th> </tr> </thead> <tbody> <tr> <td data-bbox="914 264 1402 994"> <p>For details of the relevant risk considerations pertaining to the Fund's investments in the Chinese market and investments made through the Shanghai-Hong Kong Stock Connect program, please refer to the risk disclosures on "Chinese Market risk" (under paragraph 3(A) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015), "Chinese Short Swing Profit Rule risk" (under paragraph 5(A) on page 9 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015), "Shanghai-Hong Kong Stock Connect risk" (under paragraph 3(B) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015) and "Foreign Currency risk" on page 43 of the Current Explanatory Memorandum (as amended by paragraph 7(J) on page 16 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015).</p> </td> </tr> </tbody> </table>	Relevant risk considerations	<p>For details of the relevant risk considerations pertaining to the Fund's investments in the Chinese market and investments made through the Shanghai-Hong Kong Stock Connect program, please refer to the risk disclosures on "Chinese Market risk" (under paragraph 3(A) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015), "Chinese Short Swing Profit Rule risk" (under paragraph 5(A) on page 9 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015), "Shanghai-Hong Kong Stock Connect risk" (under paragraph 3(B) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015) and "Foreign Currency risk" on page 43 of the Current Explanatory Memorandum (as amended by paragraph 7(J) on page 16 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015).</p>
Relevant risk considerations			
<p>For details of the relevant risk considerations pertaining to the Fund's investments in the Chinese market and investments made through the Shanghai-Hong Kong Stock Connect program, please refer to the risk disclosures on "Chinese Market risk" (under paragraph 3(A) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015), "Chinese Short Swing Profit Rule risk" (under paragraph 5(A) on page 9 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015), "Shanghai-Hong Kong Stock Connect risk" (under paragraph 3(B) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015) and "Foreign Currency risk" on page 43 of the Current Explanatory Memorandum (as amended by paragraph 7(J) on page 16 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015).</p>			

N. Templeton Emerging Markets Balanced Fund

Revised Investment Policy	Rationale for revisions		
<p>The Fund seeks to achieve its objective by investing principally (at least two-thirds of its net assets) in a diversified portfolio of equity securities, fixed and floating rate debt securities, including low-rated⁽⁴⁾ and non-rated debt securities, and debt obligations issued by government, government-related issuers and corporate entities which are located, incorporated or have their principal business activities in developing or emerging market countries.⁽²⁾ <u>Such countries include but are not limited to Brazil, Chile, Colombia, Mexico, Peru, Czech Republic, Egypt, Hungary, Morocco, Poland, Russia, South Africa, Turkey, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan and Thailand.</u></p> <p><u>The Fund will typically invest at least 25% of its net assets in emerging market equity securities and at least 25% of its net assets in emerging market debt securities but the proportion of its assets allocated to each may vary over time depending on the Investment Managers' view of the relative attractiveness of each asset class. The Fund's minimum total investment in emerging market securities is subject to the paragraph above.</u></p> <p>The Fund may also utilize financial derivative instruments for hedging, efficient portfolio management and/or investment purposes.⁽³⁾ <u>Financial derivative instruments may be used for the purposes of obtaining greater liquidity, locking in higher yields, or to implement currency and interest rate views to obtain economic exposure as an alternative to transacting in the physical markets. The Fund does not intend to invest extensively in financial derivative instruments for investment purposes.</u> These financial derivative instruments may be dealt either in regulated markets or</p>	<p>To disclose that the Fund may invest up to 25% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase.</p> <p>To disclose that the Fund may invest in China A-Shares through the Shanghai-Hong Kong Stock Connect program and in China B-Shares directly, for up to 10% (in the aggregate) of its net assets.</p> <p>Plus minor editorial revisions.</p>		
	<table border="1"> <thead> <tr> <th data-bbox="914 1621 1402 1666">Relevant risk considerations</th> </tr> </thead> <tbody> <tr> <td data-bbox="914 1666 1402 2018"> <p>For details of the relevant risk considerations pertaining to the Fund's investments in sovereign debt, please refer to the risk disclosures on "Concentration risk" (under paragraph 5(C) on page 10 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015) and "Sovereign Debt risk" (under paragraph 5(Y) on page 24 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).</p> </td> </tr> </tbody> </table>	Relevant risk considerations	<p>For details of the relevant risk considerations pertaining to the Fund's investments in sovereign debt, please refer to the risk disclosures on "Concentration risk" (under paragraph 5(C) on page 10 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015) and "Sovereign Debt risk" (under paragraph 5(Y) on page 24 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).</p>
Relevant risk considerations			
<p>For details of the relevant risk considerations pertaining to the Fund's investments in sovereign debt, please refer to the risk disclosures on "Concentration risk" (under paragraph 5(C) on page 10 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015) and "Sovereign Debt risk" (under paragraph 5(Y) on page 24 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).</p>			

over-the-counter, and may include, inter alia, swaps (such as credit default swaps or fixed income related total return swaps), forwards and cross forwards, futures contracts (including those on government securities), as well as options. Use of financial derivative instruments may result in negative exposures in a specific yield curve/ duration, currency or credit. The Fund may also, in accordance with the investment restrictions, purchase mortgage- and asset-backed securities and invest in securities or structured products⁽⁴⁾ (such as P-notes or equity-linked notes) where the security is linked to or derives its value from another security or is linked to assets or currencies of any developing or emerging market country. In addition, the Fund may purchase preferred stock, common stock and other equity linked securities, warrants, and debt securities exchangeable or convertible into common stock and denominated in any currency. The Fund may purchase fixed income securities, debt obligations and equity securities denominated in any currency. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs and up to 10% of its ~~total~~ net assets in securities in default.

The Fund may also invest in securities issued by government, government related issuers or corporate entities located outside of developing or emerging market countries but which derive a significant proportion of their revenues or profits from, have a significant portion of their assets in or are impacted by economic/ financial dynamics in developing or emerging market countries.⁽⁵⁾

The Fund may invest up to 25% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase (such as Argentina, Brazil, Colombia, Egypt, Ghana, Hungary, Indonesia, Italy, Mainland China, Malaysia, Mexico, Nigeria, Peru, Portugal, Russia, Serbia, South Africa, Spain, Sri Lanka, Turkey, Ukraine and Uruguay). Such investments (if any) are made based on the professional judgment of the Investment Managers whose reasons for investment may include a favourable/positive outlook on the sovereign issuer, potential for rating upgrades and the expected changes in the value of such investments due to rating changes. Please note that the abovementioned sovereigns are named for reference only and are subject to change as their credit ratings may change from time to time.

The Fund may invest up to 10% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect) and in China B-Shares.

~~The Fund will typically invest at least 25% of its assets in emerging market equity securities and at least 25% of its assets in debt securities⁽⁶⁾ but the proportion of its assets allocated to each may vary over time depending on the Investment Managers' view of the relative attractiveness of each asset class.~~

~~⁽⁴⁾ And non-rated~~

~~⁽⁵⁾ Such countries include but are not limited to Brazil, Chile, Colombia, Mexico, Peru, Czech Republic, Egypt, Hungary, Morocco, Poland, Russia, South Africa, Turkey, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan and Thailand.~~

For details of the relevant risk considerations pertaining to the Fund's investments in the Chinese market and investments made through the Shanghai-Hong Kong Stock Connect program, please refer to the risk disclosures on "Chinese Market risk" (under paragraph 3(A) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015), "Chinese Short Swing Profit Rule risk" (under paragraph 5(A) on page 9 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015), "Shanghai-Hong Kong Stock Connect risk" (under paragraph 3(B) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015) and "Foreign Currency risk" on page 43 of the Current Explanatory Memorandum (as amended by paragraph 7(J) on page 16 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015).

<p>(3) Financial derivative instruments may be used for the purposes of obtaining greater liquidity, locking in higher yields, or to implement currency and interest rate views to obtain economic exposure as an alternative to transacting in the physical markets. The fund does not intend to invest extensively in financial derivative instruments.</p> <p>(4) Such as P notes or equity linked notes.</p> <p>(5) The Fund may invest up to one third of its assets in the instruments referred to in the third and fourth paragraphs above.</p> <p>(6) Also in emerging markets. The Fund's minimum total investment in emerging market securities is subject to the second paragraph above.</p>	
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O. Templeton Emerging Markets Bond Fund

Revised Investment Policy	Rationale for revisions		
<p>The Fund seeks to achieve its objective by investing principally in a portfolio of fixed and floating rate debt securities (including non-investment grade debt securities) and debt obligations issued by government and government-related issuers or corporate entities located in developing or emerging market countries. The Fund may also purchase debt obligations issued by supranational entities organised or supported by several national governments, such as the International Bank for Reconstruction and Development or the European Investment Bank. The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may be dealt either in regulated markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps or fixed income related total return swaps), forwards and cross forwards, futures contracts (including those on government securities), as well as options. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit. The Fund may also, in accordance with the investment restrictions, purchase mortgage- and asset-backed securities and invest in securities or structured products where the security is linked to or derives its value from another security or is linked to assets or currencies of any developing or emerging market country <u>or deriving its value from another security, including structured products.</u> In addition, the Fund may purchase preferred stock, common stock and other equity linked securities, warrants, and debt securities exchangeable or convertible into common stock and denominated in any currency. The Fund may hold up to 10% of its total net assets in securities in default. The Fund may purchase fixed income securities, debt obligations and equity securities denominated in any currency.</p> <p>The Fund may invest up to 33% of its total assets, either directly or through the use of financial derivative instruments, in fixed and floating rate debt securities and debt obligations issued by government and government- related issuers or corporate entities located outside of developing or emerging market countries which are impacted by economic or financial dynamics in developing or emerging market countries. <u>The Fund may invest up to 25% of its</u></p>	<p>To disclose that the Fund may invest up to 25% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase.</p> <p>Plus minor editorial revisions.</p> <tr> <th data-bbox="916 1160 1406 1198">Relevant risk considerations</th> <td data-bbox="916 1198 1406 2040"> <p>For details of the relevant risk considerations pertaining to the Fund's investments in sovereign debt, please refer to the risk disclosures on "Concentration risk" (under paragraph 5(C) on page 10 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015) and "Sovereign Debt risk" (under paragraph 5(Y) on page 24 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).</p> </td> </tr>	Relevant risk considerations	<p>For details of the relevant risk considerations pertaining to the Fund's investments in sovereign debt, please refer to the risk disclosures on "Concentration risk" (under paragraph 5(C) on page 10 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015) and "Sovereign Debt risk" (under paragraph 5(Y) on page 24 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).</p>
Relevant risk considerations	<p>For details of the relevant risk considerations pertaining to the Fund's investments in sovereign debt, please refer to the risk disclosures on "Concentration risk" (under paragraph 5(C) on page 10 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015) and "Sovereign Debt risk" (under paragraph 5(Y) on page 24 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).</p>		

<p><u>net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase (such as Argentina, Brazil, Colombia, Egypt, Ghana, Hungary, Indonesia, Italy, Mainland China, Malaysia, Mexico, Nigeria, Peru, Portugal, Russia, Serbia, South Africa, Spain, Sri Lanka, Turkey, Ukraine and Uruguay). Such investments (if any) are made based on the professional judgment of the Investment Manager whose reasons for investment may include a favourable/positive outlook on the sovereign issuer, potential for rating upgrades and the expected changes in the value of such investments due to rating changes. Please note that the abovementioned sovereigns are named for reference only and are subject to change as their credit ratings may change from time to time.</u></p> <p>The Fund may distribute income gross of expenses.</p>	
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P. Templeton Emerging Markets Smaller Companies Fund

Revised Investment Policy	Rationale for revisions		
<p>The Fund’s investment objective is long-term capital appreciation, which it seeks to achieve through a policy of investing primarily in equity securities as well as depository receipts of (i) small cap companies registered in the Emerging Markets, (ii) small cap companies which perform a substantial part of their business in Emerging Markets, and (iii) small cap holding companies which hold a substantial part of their participations in companies referred to in (i). For the purpose of the Fund’s investment objective, Emerging Market small cap companies are normally those having a market capitalisation at the time of initial purchase within the range of the market capitalisations of companies included in the MSCI Emerging Markets Small Cap Index (Index). Once a security qualifies for initial purchase, it continues to qualify for additional purchases as long as it is held by the Fund; however, if the maximum market capitalisations of companies allowed by the Index falls below USD 2 billion, the security will only qualify for additional purchases if its market capitalisation does not exceed USD 2 billion.</p> <p>On an ancillary basis, the Fund may also invest in participatory notes, in debt securities of Emerging Market countries, which may be low-rated or unrated, and in transferable securities of issuers located in the developed countries.</p> <p><u>The Fund may invest up to 10% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect) and in China B-Shares.</u></p>	<p>To disclose that the Fund may invest in China A-Shares through the Shanghai-Hong Kong Stock Connect program and in China B-Shares directly, for up to 10% (in the aggregate) of its net assets.</p> <tr> <th data-bbox="917 1099 1396 1137">Relevant risk considerations</th> <td data-bbox="917 1137 1396 1859"> <p>For details of the relevant risk considerations pertaining to the Fund’s investments in the Chinese market and investments made through the Shanghai-Hong Kong Stock Connect program, please refer to the risk disclosures on “Chinese Market risk” (under paragraph 3(A) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015), “Chinese Short Swing Profit Rule risk” (under paragraph 5(A) on page 9 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015), “Shanghai-Hong Kong Stock Connect risk” (under paragraph 3(B) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015) and “Foreign Currency risk” on page 43 of the Current Explanatory Memorandum (as amended by paragraph 7(J) on page 16 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015).</p> </td> </tr>	Relevant risk considerations	<p>For details of the relevant risk considerations pertaining to the Fund’s investments in the Chinese market and investments made through the Shanghai-Hong Kong Stock Connect program, please refer to the risk disclosures on “Chinese Market risk” (under paragraph 3(A) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015), “Chinese Short Swing Profit Rule risk” (under paragraph 5(A) on page 9 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015), “Shanghai-Hong Kong Stock Connect risk” (under paragraph 3(B) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015) and “Foreign Currency risk” on page 43 of the Current Explanatory Memorandum (as amended by paragraph 7(J) on page 16 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015).</p>
Relevant risk considerations	<p>For details of the relevant risk considerations pertaining to the Fund’s investments in the Chinese market and investments made through the Shanghai-Hong Kong Stock Connect program, please refer to the risk disclosures on “Chinese Market risk” (under paragraph 3(A) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015), “Chinese Short Swing Profit Rule risk” (under paragraph 5(A) on page 9 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015), “Shanghai-Hong Kong Stock Connect risk” (under paragraph 3(B) on page 2 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015) and “Foreign Currency risk” on page 43 of the Current Explanatory Memorandum (as amended by paragraph 7(J) on page 16 of the 2015 Addendum to the Current Explanatory Memorandum dated March 2015).</p>		

Q. Templeton Euroland Fund

Revised Investment Policy	Rationale for revisions		
<p>The Fund’s investment objective is capital appreciation, which it seeks to achieve primarily through a policy of investing in equity and debt obligations of any issuer in a member country of the European Monetary Union including corporations and governments, whether denominated in Euro or relevant national currency, and in stock or debt obligations denominated in Euro of any other issuer.</p> <p>To ensure eligibility for the French Plan d’Epargne en Actions (PEA), the Fund invests at least 75% of its total assets in equity securities issued by companies which have their head office in the European Union.</p> <p>Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of transferable securities, such as preferred stock and, securities convertible into common stock of any such issuers as described above.</p> <p><u>For the purpose of generating additional capital or income or for reducing costs or risks, the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</u></p>	<p>To disclose that the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy, for the purpose of generating additional capital or income or for reducing costs or risks. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</p> <p>The Fund does not intend to invest extensively in financial derivative instruments for investment purposes.</p>		
	<table border="1"> <thead> <tr> <th data-bbox="916 757 1410 790">Relevant risk considerations</th> </tr> </thead> <tbody> <tr> <td data-bbox="916 790 1410 1122"> <p>For details of the relevant risk considerations pertaining to the Fund’s securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p> </td> </tr> </tbody> </table>	Relevant risk considerations	<p>For details of the relevant risk considerations pertaining to the Fund’s securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p>
Relevant risk considerations			
<p>For details of the relevant risk considerations pertaining to the Fund’s securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p>			

R. Templeton European Fund

Revised Investment Policy	Rationale for revisions		
<p>The Fund’s investment objective is capital appreciation, which it seeks to achieve through a policy of investing in equity and debt obligations issued by European corporations and governments. The Fund invests primarily in common stocks.</p> <p>Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of securities, such as preferred stock, securities convertible into common stock, and fixed income securities, including debt obligations issued by European governments.</p> <p><u>For the purpose of generating additional capital or income or for reducing costs or risks, the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</u></p>	<p>To disclose that the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy, for the purpose of generating additional capital or income or for reducing costs or risks. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</p>		
	<table border="1"> <thead> <tr> <th data-bbox="916 1599 1410 1632">Relevant risk considerations</th> </tr> </thead> <tbody> <tr> <td data-bbox="916 1632 1410 1930"> <p>For details of the relevant risk considerations pertaining to the Fund’s securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p> </td> </tr> </tbody> </table>	Relevant risk considerations	<p>For details of the relevant risk considerations pertaining to the Fund’s securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p>
Relevant risk considerations			
<p>For details of the relevant risk considerations pertaining to the Fund’s securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p>			

S. Templeton Global Balanced Fund

Revised Investment Policy	Rationale for revisions		
<p>The Fund’s investment objective is to seek capital appreciation and current income, consistent with prudent investment management. <u>The Fund seeks to achieve its objective</u> by investing principally in equity securities and government debt securities issued by entities throughout the world, including emerging markets.</p> <p>The Investment Managers anticipates that the majority of the Fund’s portfolio is normally invested in equity or equity-linked securities, including debt or preferred stock convertible or exchangeable into equity securities, selected principally on the basis of their capital growth potential. The Fund seeks income by investing in fixed or floating rate debt securities <u>(including up to 5% of the Fund’s net assets in non-investment grade securities)</u> and debt obligations issued by government and government-related issuers or corporate entities worldwide. The Fund may also purchase debt obligations issued by supranational entities organised or supported by several national governments, such as the International Bank for Reconstruction and Development or the European Investment Bank. The Fund may purchase equities, fixed income securities and debt obligations. Notwithstanding the foregoing, at no time will the Investment Managers invest more than 40% of the Fund’s total net assets into fixed income securities.</p> <p>The Fund may also utilise financial derivative instruments for hedging purposes and/or efficient portfolio management. These financial derivative instruments may be dealt on either (i) regulated markets, such as futures contracts (including those on government securities), as well as options or (ii) over-the-counter such as currency, exchange rate, and interest rate related swaps and forwards. If and for so long as the Templeton Global Balanced Fund accepts investment by Malaysian investment funds authorized by the Malaysian Securities Commission as feeders, the Templeton Global Balanced Fund will typically invest 65% of its net assets in equity and equity-linked securities and 35% of its net assets in fixed income securities and liquid assets, with a permitted deviation of up to 5% of its net assets from this allocation.</p> <p><u>For the purpose of generating additional capital or income or for reducing costs or risks, the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</u></p> <p>The Fund may distribute income gross of expenses.</p>	<p>To disclose that the Fund may invest up to 5% of its net assets in debt securities with a credit rating below investment grade at the time of purchase.</p> <p>To disclose that the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy, for the purpose of generating additional capital or income or for reducing costs or risks. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</p> <p>Plus minor editorial revisions.</p> <tr> <th data-bbox="916 846 1406 880">Relevant risk considerations</th> <td data-bbox="916 880 1406 1697"> <p>For details of the relevant risk considerations pertaining to the Fund’s investments in non-investment grade securities, please refer to the risk disclosure on “Low-Rated, Unrated or Non-Investment Grade Securities risk” (under paragraph 5(N) on page 18 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).</p> <p>For details of the relevant risk considerations pertaining to the Fund’s securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p> </td> </tr>	Relevant risk considerations	<p>For details of the relevant risk considerations pertaining to the Fund’s investments in non-investment grade securities, please refer to the risk disclosure on “Low-Rated, Unrated or Non-Investment Grade Securities risk” (under paragraph 5(N) on page 18 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).</p> <p>For details of the relevant risk considerations pertaining to the Fund’s securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p>
Relevant risk considerations	<p>For details of the relevant risk considerations pertaining to the Fund’s investments in non-investment grade securities, please refer to the risk disclosure on “Low-Rated, Unrated or Non-Investment Grade Securities risk” (under paragraph 5(N) on page 18 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).</p> <p>For details of the relevant risk considerations pertaining to the Fund’s securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p>		

T. Templeton Global Bond Fund

Revised Investment Policy	Rationale for revisions
<p>The Fund seeks to achieve its objective by investing principally in a portfolio of fixed or floating rate debt securities (including non-investment grade securities) and debt obligations issued by government or government-related issuers worldwide. The Fund may also, in accordance with the investment restrictions, invest in</p>	<p>To disclose that the Fund may invest up to 25% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating</p>

<p>debt securities (including non-investment grade securities) of corporate issuers. The Fund may also purchase debt obligations issued by supranational entities organised or supported by several national governments, such as the International Bank for Reconstruction and Development or the European Investment Bank. The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may be dealt either in regulated markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps or fixed income related total return swaps), forwards and cross forwards, futures contracts (including those on government securities), as well as options. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit. The Fund may also invest in securities or structured products <u>(such as credit-linked securities)</u> where the security is linked to or derives its value from another security or is linked to assets or currencies of any country. The Fund may hold up to 10% of its total net assets in securities in default. The Fund may purchase fixed income securities and debt obligations denominated in any currency, and may hold equity securities to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation.</p> <p><u>The Fund may invest up to 25% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase (such as Brazil, Colombia, Egypt, Hungary, Indonesia, Italy, Mainland China, Malaysia, Mexico, Portugal, Russia, Spain and Ukraine). Such investments (if any) are made based on the professional judgment of the Investment Manager whose reasons for investment may include a favourable/positive outlook on the sovereign issuer, potential for rating upgrades and the expected changes in the value of such investments due to rating changes. Please note that the abovementioned sovereigns are named for reference only and are subject to change as their credit ratings may change from time to time.</u></p> <p>The Fund may distribute income gross of expenses.</p>	<p>below investment grade at the time of purchase.</p> <p>To provide an example of the Fund’s investments in structured products (credit-linked securities).</p> <p>Plus minor editorial revisions.</p> <p style="text-align: center;">Relevant risk considerations</p> <p>For details of the relevant risk considerations pertaining to the Fund’s investments in sovereign debt, please refer to the risk disclosures on “Concentration risk” (under paragraph 5(C) on page 10 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015) and “Sovereign Debt risk” (under paragraph 5(Y) on page 24 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).</p> <p>For details of the relevant risk considerations pertaining to the Fund’s investments in structured products, please refer to the risk disclosure on “Structured Notes risk” (under paragraph 4(B) of the 2014 Addendum to the Current Explanatory Memorandum dated March 2014).</p>
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U. Templeton Global Equity Income Fund

Revised Investment Policy	Rationale for revisions
<p>Under normal market conditions the Fund invests in a diversified portfolio of equity securities worldwide. The Fund seeks income by investing in stocks the Investment Manager believes offer attractive dividend yields. The Investment Manager seeks capital appreciation by searching for undervalued or out-of-favour securities offering current income and/or opportunities for future capital appreciation. Capital appreciation is sought by investing in equity securities of companies from a variety of industries and located anywhere in the world, including Emerging Markets.</p> <p>Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may also seek investment opportunities in other types of transferable securities such as debt and fixed income securities.</p>	<p>To disclose that the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy, for the purpose of generating additional capital or income or for reducing costs or risks. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</p> <p style="text-align: center;">Relevant risk considerations</p> <p>For details of the relevant risk considerations pertaining to the Fund’s</p>

<p>The Fund may further utilize financial derivative instruments for hedging and/or efficient portfolio management. These financial derivative instruments may be dealt on either regulated markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps or total return swaps on equity indices), forwards and cross forwards, futures contracts (including those on government securities), as well as options. Use of financial derivative instruments may result in negative returns in a specific yield curve/duration, currency or credit since, among other things, the price of financial derivatives instruments are dependent on the price of their underlying instruments and these prices may go up or down. The Fund may also purchase participatory notes, equity-linked notes or other structured products where the security is linked to or derives its value from another security or is linked to assets or currencies of any country.</p> <p>The Investment Manager may take temporary defensive cash position when it believes the securities trading markets or the economies of countries where the Fund invests are experiencing excessive volatility or prolonged general decline or other adverse conditions.</p> <p><u>For the purpose of generating additional capital or income or for reducing costs or risks, the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</u></p> <p>The Fund may distribute income gross of expenses.</p>	<p>securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p>
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V. Templeton Global (Euro) Fund

Revised Investment Policy	Rationale for revisions
<p>The Fund’s investment objective is capital appreciation, which it seeks to achieve through a policy of investing in equity securities of companies throughout the world. The Fund invests primarily in common stocks.</p> <p>Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of securities, such as preferred stock, securities convertible into common stock, and fixed income securities, which are Euro and non-Euro denominated.</p>	<p>To disclose that the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy, for the purpose of generating additional capital or income or for reducing costs or risks. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</p>
<p><u>For the purpose of generating additional capital or income or for reducing costs or risks, the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</u></p> <p>The name of the Fund reflects the base currency of the Fund being in Euros, and does not necessarily imply that any particular proportion of the Fund’s net invested assets are made in Euros.</p>	<p>Relevant risk considerations</p> <p>For details of the relevant risk considerations pertaining to the Fund’s securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p>

W. Templeton Global Fund

Revised Investment Policy	Rationale for revisions		
<p>The Fund’s investment objective is capital appreciation, which it seeks to achieve through a policy of investing in equity and debt obligations of companies and governments of any nation throughout the world, including Emerging Markets. The Fund invests principally in common stocks.</p> <p>Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of securities, such as preferred stock, securities convertible into common stock, and fixed income securities, which are US dollar and non-US dollar denominated.</p> <p><u>For the purpose of generating additional capital or income or for reducing costs or risks, the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</u></p>	<p>To disclose that the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy, for the purpose of generating additional capital or income or for reducing costs or risks. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.</p> <tr> <td data-bbox="916 636 1406 669">Relevant risk considerations</td> <td data-bbox="916 669 1406 1001"> <p>For details of the relevant risk considerations pertaining to the Fund’s securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p> </td> </tr>	Relevant risk considerations	<p>For details of the relevant risk considerations pertaining to the Fund’s securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p>
Relevant risk considerations	<p>For details of the relevant risk considerations pertaining to the Fund’s securities lending transactions, please refer to the risk disclosure on “Securities Lending risk” under paragraph 7(A)(I) on page 8 of the 2014 Second Addendum to the Explanatory Memorandum dated April 2014. Please refer to section 2 of this notice for more information on the Company’s securities lending transactions.</p>		

X. Templeton Global High Yield Fund

Revised Investment Policy	Rationale for revisions		
<p>The Fund invests principally in debt securities (including non-investment grade securities) of issuers globally, including those in Emerging Markets. For the purpose of this Fund, debt securities shall include all varieties of fixed and floating rate income securities (including bank loans through regulated investment funds subject to the limits indicated below), bonds, mortgage and other asset-backed securities (including collateralised debt obligations) and convertible securities. The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may be dealt either in regulated markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps or fixed income related total return swaps), forwards and cross forwards, futures contracts (including those on government securities), as well as options. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit. In addition, the Fund may invest in equity securities, credit-linked securities and money-market instruments and may seek exposure to floating rate loans through regulated investment funds. The Fund may invest up to 10% of its net assets in units of UCITS and other UCIs and up to 10% of its total assets in securities in default.</p> <p><u>The Fund may invest up to 25% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase (such as Argentina, Brazil, Colombia, Egypt, Ghana, Hungary, Indonesia, Italy, Mainland China, Malaysia, Mexico, Nigeria, Peru, Portugal,</u></p>	<p>To disclose that the Fund may invest up to 25% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase.</p> <tr> <td data-bbox="916 1384 1406 1417">Relevant risk considerations</td> <td data-bbox="916 1417 1406 2018"> <p>For details of the relevant risk considerations pertaining to the Fund’s investments in sovereign debt, please refer to the risk disclosures on “Concentration risk” (under paragraph 5(C) on page 10 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015) and “Sovereign Debt risk” (under paragraph 5(Y) on page 24 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).</p> </td> </tr>	Relevant risk considerations	<p>For details of the relevant risk considerations pertaining to the Fund’s investments in sovereign debt, please refer to the risk disclosures on “Concentration risk” (under paragraph 5(C) on page 10 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015) and “Sovereign Debt risk” (under paragraph 5(Y) on page 24 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).</p>
Relevant risk considerations	<p>For details of the relevant risk considerations pertaining to the Fund’s investments in sovereign debt, please refer to the risk disclosures on “Concentration risk” (under paragraph 5(C) on page 10 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015) and “Sovereign Debt risk” (under paragraph 5(Y) on page 24 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).</p>		

<p><u>Russia, Serbia, South Africa, Spain, Sri Lanka, Turkey, Ukraine and Uruguay). Such investments (if any) are made based on the professional judgment of the Investment Manager whose reasons for investment may include a favourable/positive outlook on the sovereign issuer, potential for rating upgrades and the expected changes in the value of such investments due to rating changes. Please note that the abovementioned sovereigns are named for reference only and are subject to change as their credit ratings may change from time to time.</u></p> <p>The Fund may distribute income gross of expenses.</p>	
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Y. Templeton Global Income Fund

Revised Investment Policy	Rationale for revisions
<p>Under normal market conditions, the Fund invests in a diversified portfolio of debt and equity securities worldwide. The Fund seeks income by investing in a portfolio of fixed and floating rate debt securities and debt obligations issued by government and government-related issuers or corporate entities worldwide, including in Emerging Markets, as well as stocks the Investment Manager believes offer attractive dividend yields. The Fund may also purchase debt obligations issued by supranational entities organised or supported by several national governments, such as the International Bank for Reconstruction and Development or the European Investment Bank. The Fund may invest in investment grade and non-investment grade debts securities issued by US and non-US issuers including securities in default. The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may be dealt either in regulated markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps or fixed income related total return swaps), forwards and cross forwards, futures contracts (including those on government securities), as well as options. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit. The Fund may invest up to 10% of its net assets in units of UCITS and other UCIs. The Fund may invest in fixed or floating rate debt securities either directly or through regulated investment funds (subject to the limits indicated above). The Investment Manager may take temporary defensive cash position when it believes the securities trading markets or the economies of countries where the Fund invests are experiencing excessive volatility or prolonged general decline or other adverse conditions.</p> <p><u>The Fund may invest up to 25% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase (such as Argentina, Brazil, Colombia, Egypt, Ghana, Hungary, Indonesia, Italy, Mainland China, Malaysia, Mexico, Nigeria, Peru, Portugal, Russia, Serbia, South Africa, Spain, Sri Lanka, Turkey, Ukraine and Uruguay). Such investments (if any) are made based on the professional judgment of the Investment Managers whose reasons for investment may include a favourable/positive outlook on the sovereign issuer, potential for rating upgrades and the expected changes in the value of such investments due to rating changes.</u></p>	<p>To disclose that the Fund may invest up to 25% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase.</p> <p>Relevant risk considerations</p> <p>For details of the relevant risk considerations pertaining to the Fund’s investments in sovereign debt, please refer to the risk disclosures on “Concentration risk” (under paragraph 5(C) on page 10 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015) and “Sovereign Debt risk” (under paragraph 5(Y) on page 24 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).</p>

<p>Please note that the abovementioned sovereigns are named for reference only and are subject to change as their credit ratings may change from time to time.</p> <p>The Fund may distribute income gross of expenses.</p>	
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Z. Templeton Global Smaller Companies Fund

Revised Investment Policy	Rationale for revisions
<p>The Fund's investment objective is capital appreciation, which it seeks to achieve through a policy of investing in equity and debt obligations of smaller companies throughout the world, including Emerging Markets. The Fund invests principally (which generally means that at least two-thirds of the Fund's net assets (without taking into account ancillary liquid assets) shall be invested into the relevant securities. In exceptional market circumstances (such as extreme volatility) and on a temporary basis only, up to 100% of the Fund's net assets may be invested in liquid assets, with due regard to the principle of risk spreading) in common stocks of such companies smaller companies (i.e., those having a market capitalisation at the time of initial purchase within the range of the market capitalisations of companies included in the MSCI All Country World Small Cap Index (Index). The Fund may continue to hold securities that have grown to have a market capitalisation in excess of the range of the market capitalisations of companies included in the Index. Once a security qualifies for initial purchase, it continues to qualify for additional purchases as long as it is held by the Fund; however, if the maximum market capitalisations of companies allowed by the Index falls below USD 2 billion, the security will only qualify for additional purchases if its market capitalisation does not exceed USD 2 billion) throughout the world, including emerging markets.</p> <p>The Fund may also invest up to 20% of its net assets in debt obligations of smaller companies throughout the world, including emerging markets. Debt securities represent obligations of an issuer to repay loans where repayment terms of principal and interest are clearly specified, along with the lender's rights, in the loan agreement. These securities include bonds, notes and debentures.</p> <p>Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in companies with larger market capitalisations, as well as in other types of securities, such as preferred stock, securities convertible into common stock and fixed income securities, which are US dollar and non US dollar denominated.</p>	<p>To clarify that the Fund invests principally in common stocks of smaller companies throughout the world, including emerging markets.</p> <p>Relevant risk considerations</p> <p>For details of the relevant risk considerations pertaining to the Fund's investments in common stocks of smaller companies throughout the world, including emerging markets, please refer to the risk disclosures on "Emerging Markets risk" and "Equity risk" on page 42 of the Current Explanatory Memorandum and "Smaller and Midsize Companies risk" (under paragraph 5(X) on page 24 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).</p>

AA. Templeton Global Total Return Fund

Revised Investment Policy	Rationale for revisions
<p>The Fund seeks to achieve its objective by investing principally in a portfolio of fixed and/or floating-rate debt securities and debt obligations issued by government and government related issuers or corporate entities worldwide. The fixed and/or floating-rate debt</p>	<p>To disclose that the Fund may invest up to 25% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government,</p>

securities and debt obligations in which the Fund may invest include investment grade and non-investment grade securities. The Fund may also purchase debt obligations issued by supranational entities organized or supported by several national governments, such as the International Bank for Reconstruction and Development or the European Investment Bank. The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may be dealt either in regulated markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps or fixed income related total return swaps), forward and cross forwards, futures contracts (including those on government securities), as well as options. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit. The Fund may also, in accordance with the investment restrictions, invest in securities or structured products (such as commercial and residential mortgage-backed securities as well as collateralised debt obligations, including collateralised loan obligations) where the security is linked to or derives its value from another security or is linked to assets or currencies of any country. The Fund may also purchase mortgage and asset-backed securities and convertible bonds. The Fund may hold up to 10% of its net assets in securities in default. The Fund may purchase fixed income securities and debt obligations denominated in any currency and may hold equity securities to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs. The Fund may also participate in mortgage dollar roll transactions.

The Fund may use futures contracts on US Treasury securities to help manage risks relating to interest rates and other market factors, to increase liquidity, and to quickly and efficiently cause new cash to be invested in the securities markets or, if cash is needed to meet shareholder redemption requests, to remove Fund's assets from exposure to the market. On an ancillary basis, the Fund may gain exposure to debt market indexes by investing in index based financial derivatives and credit default swaps.

The Fund may invest up to 25% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase (such as Argentina, Brazil, Colombia, Egypt, Ghana, Hungary, Indonesia, Italy, Mainland China, Malaysia, Mexico, Nigeria, Peru, Portugal, Russia, Serbia, South Africa, Spain, Sri Lanka, Turkey, Ukraine and Uruguay). Such investments (if any) are made based on the professional judgment of the Investment Manager whose reasons for investment may include a favourable/positive outlook on the sovereign issuer, potential for rating upgrades and the expected changes in the value of such investments due to rating changes. Please note that the abovementioned sovereigns are named for reference only and are subject to change as their credit ratings may change from time to time.

The Fund may distribute income gross of expenses.

public or local authority) with a credit rating below investment grade at the time of purchase.

To disclose examples of structured products that the Fund may invest in.

Relevant risk considerations

For details of the relevant risk considerations pertaining to the Fund's investments in sovereign debt, please refer to the risk disclosures on "Concentration risk" (under paragraph 5(C) on page 10 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015) and "Sovereign Debt risk" (under paragraph 5(Y) on page 24 of the 2015 Second Addendum to the Current Explanatory Memorandum dated October 2015).

For details of the relevant risk considerations pertaining to the Fund's investments in mortgage-backed securities and collateralised debt obligations, please refer to the risk disclosures on "Mortgage- and Asset-Backed Securities risk" (under paragraph 5(P) of the 2015 Second Addendum to the Current Explanatory Memorandum dated Oct 2015) and "Collateralised Debt Obligations risk" (under paragraph 8(B) of the 2016 Second Addendum to the Current Explanatory Memorandum dated July 2016).

The Current Explanatory Memorandum of the Company and the product key facts statements of the Funds will be updated for the changes described above. In particular, the first sentence of the last paragraph of Risk Management on page 65 of the Current Explanatory Memorandum under the heading “Investment in securities issued by or guaranteed by any single sovereign issuer and dividend distribution policy” (inserted via paragraph 6 of the 2013 Second Addendum to the Current Explanatory Memorandum dated May 2013) will be revised as follows (with changes marked up):

“Unless otherwise stated in any Fund’s investment policy, ~~The~~ Company will not invest more than 10% of its net asset value in securities issued by or guaranteed by any single sovereign issuer (including its government and a public or local authority of that country) with a credit rating below investment grade.”

2. Revisions to the investment restrictions of the Company

To disclose a reduction in the maximum extent to which the Funds may engage in securities lending and repurchase transactions (from 100% down to 50% in each case) and provide investors with greater transparency on the Company’s repurchase transactions and securities lending transactions, the section on “INVESTMENT RESTRICTIONS – 4. Use of techniques and instruments relating to transferable securities and money market instruments” as set out on pages 63 and 64 of the Current Explanatory Memorandum and as amended by the 2014 Second Addendum to the Current Explanatory Memorandum dated April 2014 and the 2016 Second Addendum to the Current Explanatory Memorandum dated July 2016 shall with effect from 30 December 2016 be revised as follows (with amendments marked up):

4. Use of techniques and instruments relating to transferable securities and money market instruments

a) Repurchase transactions and securities lending transactions

(i) Types and purpose

To the maximum extent allowed by, and within the limits set forth in, the Law of 17 December 2010 as well as any present or future related Luxembourg laws or implementing regulations, circulars and the Luxembourg supervisory authority’s positions (the “Regulations”), in particular the provisions of (i) article 11 of the Grand-Ducal regulation of February 8, 2008 relating to certain definitions of the Luxembourg Law of 20 December 2002 on undertakings for collective investment and of (ii) CSSF Circular 08/356 and 14/592 relating to the rules applicable to undertakings for collective investments when they use certain techniques and instruments relating to transferable securities and money market instruments, each Fund may for the purpose of generating additional capital or income or for reducing costs or risks (A) enter, either as purchaser or seller, into optional as well as non_optional repurchase transactions and (B) engage in securities lending transactions.

As the case may be, collateral received by each Fund in relation to any of these transactions may offset net exposure by the counterparty provided it meets a range of standards, including those for liquidity, valuation, and issuer credit quality. The form and nature of the collateral will primarily consist of cash and highly rated sovereign fixed income securities that meets particular ratings criteria and will be equal to or greater than the value of the securities lent. Eligible collateral for securities lending transactions would be negotiable debt obligations (collectively “AA - Level Sovereign Bonds”) issued by governments (such as Australia, Belgium, Canada, Denmark, France, Germany, the Netherlands, Norway, New Zealand, Singapore, Sweden, Switzerland, the United States, the United Kingdom, etc.), having a credit rating of at least AA- from S&P and/or Aa3 from Moody’s, respectively and denominated in the official currency of the relevant country and issued on the relevant domestic market (but excluding derivatives of other securities and inflation-linked securities). The collateral received by the Company in respect of repurchase agreements transactions may be US Treasury bills or US government agency bonds supported by the full faith and credit of the US government. Acceptable tri-party collateral to the Custodial Undertaking in connection with the Master Repurchase agreement include, US Treasuries (Bill, Notes, and Bonds), and the following Government Sponsored Agencies: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corp (FHLMC), and Federal Farm Credit System (FFCB). The collateral shall have a final

maturity of no more than 5 years from the date the repurchase transaction is entered. The value of the securities shall also be equal to, or greater than, 102% of the amount of the repurchase transaction. Collateral value is reduced by a percentage (a "haircut") which provides for short term fluctuations in the value of the collateral. Net exposures are calculated daily by the counterparty and subject to the terms of the agreements, including a minimum transfer amount, collateral levels may fluctuate between the Fund and the counterparty depending on the market movement of the exposure. Non-cash collateral received is not sold, reinvested or pledged. Cash collateral received by each Fund in relation to any of these transactions may be reinvested in a manner consistent with the investment objectives of such Fund and with the risk diversification requirements detailed in the section "Investment Restrictions" in (a) shares or units issued by short term money market undertakings for collective investment as defined in the Guidelines on a Common Definition of European Money Market Funds, (b) deposits with a credit institution having its registered office in a Member State or with a credit institution situated in a non-Member State provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, (c) high quality government bonds, and (d) reverse repurchase agreement transactions provided the transactions are with credit institutions subject to the prudential supervision and the Company may recall at any time the full amount of cash on accrued basis. The Company has policies with respect to the reinvestment of collateral (specifically, that derivatives or other instruments that may contribute to leverage may not be used) such that it would not impact the Global Exposure calculation.

In accordance with the criteria laid down in the precedent paragraph, a Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by any EU Member State, its local authorities, or public international bodies of which one or more EU Member States are members, by any other State of the OECD, by Singapore or any member state of the G20, provided that such Fund holds securities at least from six different issues and that any single issue must not account for more than 30% of such Fund's net assets.

(ii) Limits and conditions

- Securities lending transactions

Subject to the relevant Fund's investment policy, a Fund may utilise up to ~~100%~~50% of its assets for securities lending transactions. The volume of the securities lending transactions of each Fund shall be kept at an appropriate level or each Fund shall be entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardise the management of each Fund's assets in accordance with its investment policy. The counterparties to securities lending transactions must have a minimum credit rating of A- or better, as rated by Standard & Poor's, Moody's or Fitch, at the time of the transactions.

The securities lending agent receives a fee of up to 10% of the gross revenue generated as a result of the lent securities for its services, the remainder of the revenue being received and retained by the relevant lending Fund. Any incremental income generated from securities lending transactions will be accrued to the relevant Fund.

- Repurchase agreement transactions

Subject to the relevant Fund's investment policy, a Fund may utilise up to ~~100%~~50% of its assets for repurchase agreement transactions, but a Fund's exposure to any single counterparty in respect of repurchase agreement transactions is limited to (i) 10% of its assets where the counterparty is a credit institution having its registered office in an EU Member State or subject to equivalent prudential rules, and (ii) 5% of its assets in other cases. The counterparties to repurchase agreement transactions must have a minimum credit rating of A- or better, as rated by Standard & Poor's, Moody's or Fitch, at the time of the transactions. The volume of the repurchase agreement transactions of each Fund shall be kept at a level such that the Fund is able, at all times, to meet its redemption obligations towards shareholders. Further, each Fund must ensure that, at maturity of the repurchase agreement transactions, it has sufficient assets to be able to settle the amount agreed with the counterparty for the restitution of the securities to the Fund. Any incremental income generated from repurchase agreement transactions will be accrued to the relevant Fund.

- Costs and revenues of securities lending and/or repurchase agreement transactions

Direct and indirect operational costs and fees arising from securities lending transactions and/or repurchase agreement transactions may be deducted from the revenue delivered to the relevant Fund. These costs and fees shall not include hidden revenue. All the revenues arising from such transactions, net of direct and indirect operational costs, will be returned to the relevant Fund. The annual report of the Company shall contain details of the revenues arising from securities lending transactions and/or repurchase agreement transactions for the entire reporting period together with the direct and indirect operational costs and fees incurred. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers or other financial institutions or intermediaries and may be related parties to the Custodian.

(iii) Conflicts of Interest

No conflicts of interest to note. The Investment Manager(s) of the relevant Fund does not intend to lend the securities of the Fund to its related corporations or to engage them as securities lending agents.

The collateral received by each Fund in relation to any of these transactions shall take the form of (i) liquid assets (which includes cash, short term bank certificates and money market instruments as defined in the above referred Grand Ducal regulation); (ii) bonds issued or guaranteed by a Member State of the Organization for Economic Co-operation and Development ("OECD") or by their local public authorities or by supranational institutions and undertakings with EU, regional or world wide scope; (iii) shares or units issued by money market undertakings for collective investment calculating a daily net asset value and being assigned a rating of AAA or its equivalent; (iv) shares or units issued by undertaking for collective investment in transferable securities investing mainly in bonds or shares mentioned in (v) and (vi) below; (v) bonds issued or guaranteed by first class issuers offering an adequate liquidity; or (vi) shares admitted to or dealt in on a regulated market of a Member State of the European Union or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.

In accordance with the criteria laid down in the precedent paragraph, a Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by any EU Member State, its local authorities, or public international bodies of which one or more EU Member States are members, by any other State of the OECD, by Singapore or any member state of the G20, provided that such Fund holds securities at least from six different issues and that any single issue must not account for more than 30% of such Fund's net assets.

As the case may be, collateral received by each Fund in relation to any of these transactions may offset net exposure by the counterparty provided it meets a range of standards, including those for liquidity, valuation, and issuer credit quality. Collateral primarily consist of cash and highly rated sovereign fixed income securities. Collateral value is reduced by a percentage (a "haircut") which provides for short term fluctuations in the value of the collateral. Net exposures are calculated daily by the counterparty and subject to the terms of the agreements, including a minimum transfer amount, collateral levels may fluctuate between the Fund and the counterparty depending on the market movement of the exposure. Non-cash collateral received is not sold, reinvested or pledged. Cash collateral received by each Fund in relation to any of these transactions may be reinvested in a manner consistent with the investment objectives of such Fund and with the risk diversification requirements detailed in the section on "Investment Restrictions" in (a) shares or units issued by short term money market undertakings for collective investment as defined in the Guidelines on a Common Definition of European Money Market Funds, (b) deposits with a credit institution having its registered office in a Member State or with a credit institution situated in a non Member State provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, (c) high quality government bonds, and (d) reverse repurchase agreement transactions provided the transactions are with credit institutions subject to the prudential supervision and the Company may recall at any time the full amount of cash on accrued basis. The Company has policies with respect to the reinvestment of collateral (specifically, that derivatives or other instruments that may contribute to leverage may not be used) such that it would not impact the Global Exposure calculation.

The counterparties to repurchase agreement transactions and securities lending transactions must have a minimum credit rating of A or better, as rated by Standard & Poors, Moody's or Fitch, at the time of the transactions. A counterparty with a credit rating of BBB may also be acceptable where the credit rating of the relevant counterparty is limited by the sovereign debt rating of its domicile country. The collateral

received by the Company in respect of repurchase agreements transactions and securities lending transactions may be US Treasury bills or US government agency bonds supported by the full faith and credit of the U.S. government.

Any incremental income generated from repurchase agreement transactions and securities lending transactions will be accrued to the relevant Fund.

3. Increase in the expected level of leverage of certain Funds and change in name of relative VaR reference benchmark for the Franklin Strategic Income Fund

Investors should note that the expected levels of leverage of the following Funds, which may invest extensively in financial derivative instruments for investment purposes, are estimated to increase to the levels detailed in the table below:

	Previous expected level of leverage based on “sum of notionals” approach	Current expected level of leverage based on “sum of notionals” approach	Expected maximum level of leverage based on “commitment” approach (no change)
Franklin Strategic Income Fund	30%	40% (+10%)	100%
Templeton Asian Bond Fund	40%	200% (+160%)	225%
Templeton Emerging Markets Bond Fund	70%	200% (+130%)	175%
Templeton Global Bond Fund	110%	200% (+90%)	225%
Templeton Global High Yield Fund	20%	120% (+100%)	100%
Templeton Global Income Fund	30%	70% (+40%)	225%
Templeton Global Total Return Fund	100%	200% (+100%)	225%

Investors should also note that the relative VaR reference benchmarks for the Funds are as follows:

- **Franklin Strategic Income Fund** – Bloomberg Barclays Index*
- **Templeton Asian Bond Fund** – JPMorgan Government Bond Index-Emerging Markets Broad Diversified Asia Index
- **Templeton Emerging Markets Bond Fund** – J.P. Morgan Emerging Markets Bond Index Global (EMBIG) (50%) and the J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) (50%)
- **Templeton Global Bond Fund** – J.P. Morgan Government Bond Index Broad (JGBI Broad) (50%), the J.P. Morgan Emerging Markets Bond Index Global (EMBIG) (25%) and the J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) (25%)
- **Templeton Global High Yield Fund** – J.P. Morgan Global High Yield Index (50%), the J.P. Morgan Emerging Markets Bond Index Global (EMBIG) (25%) and the J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) (25%)
- **Templeton Global Income Fund** – MSCI All Country World Index (50%), the Bloomberg Barclays Multiverse Index (25%), the Bloomberg Barclays Global High-Yield Index (12.5%), the J.P. Morgan Emerging Markets Bond Index Global (EMBIG) (6.25%) and the J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) (6.25%)

- **Templeton Global Total Return Fund** – Bloomberg Barclays Multiverse Index (50%), the Bloomberg Barclays Global High-Yield Index (25%), the J.P. Morgan Emerging Markets Bond Index Global (EMBIG) (12.5%) and the J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) (12.5%)

** The relative VaR reference benchmark for the Franklin Strategic Income Fund has changed in name from “Barclays Capital Index” to “Barclays Index” on 19 March 2012 and from “Barclays Index” to “Bloomberg Barclays Index” on 24 August 2016. There will not be any change to the components of the benchmark as a result of the name changes.*

Rest assured, there will be no change to the way that the Funds are currently managed or to the investment strategy of the Funds. For details of the relevant risk considerations pertaining to the Funds’ use of derivatives, please refer to the sub-section “Derivative Instruments risk” of the “Risk Considerations” section on page 41 of the Current Explanatory Memorandum of the Company (as amended).

4. Changes in the designation, roles and responsibilities of the Custodian arising from amendments to the UCITS Directive

The European Commission has proposed a number of amendments to the UCITS Directive, referred to collectively as the “UCITS V Directive”. The general objective of these amendments is to increase protection and transparency for investors by focusing on the role and the liability of depositaries, remuneration policies for investment managers and a harmonisation of the administrative sanctions that is available to all European Union regulators for breaches of the UCITS Directive.

Under the UCITS V Directive, the Company must appoint a single authorised UCITS depositary. The appointed depositary will be responsible for the safekeeping and ownership verification of the assets of the Company, cash flow monitoring and oversight in accordance with the UCITS V Directive. In carrying out its role as depositary, the Depositary shall act independently from the Company and the Management Company and solely in the interest of the Company and its investors.

The Depositary will further:

- ensure that the issue, redemption and cancellation of shares effected by the Company or on its behalf are carried out in accordance with the Law of 17 December 2010 and the articles of incorporation of the Company (the “**Articles**”);
- ensure that the value per share of the Company is calculated in accordance with the Law of 17 December 2010 and the Articles;
- carry out, or where applicable, cause any sub-custodian or other custodial delegate to carry out the instructions of the Company or the relevant Investment Manager(s) unless they conflict with the Law of 17 December 2010 or the Articles;
- ensure that in transactions involving the assets of the Company, the consideration is remitted to it within the usual time limits; and
- ensure that the income of the Company is applied in accordance with the Articles.

After careful consideration, the Board of Directors of the Company has decided to appoint J.P. Morgan Bank Luxembourg S.A. (“JPM”), the current Custodian of the Company, as the depositary of the Company (the “Depositary”) to provide depositary, custodial, settlement and certain other associated

services to the Company. J.P. Morgan Bank Luxembourg S.A. was incorporated in Luxembourg as a *société anonyme* and has its registered office at European Bank & Business Centre, 6C, route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg.

Whilst the appointment of JPM as Depositary could be considered an extension of the existing custody arrangement, the UCITS V Directive has significantly increased the role and responsibilities of the Depositary and formalised its contractual obligations. As a result, a new depositary agreement will replace the existing custodian agreement that the Company has with JPM.

In its previous role as Custodian of the Company, JPM received an annual fee of 0.01% to 0.14% of the net asset values of the different Funds, depending on the nature of the investments of the different Funds, with potentially higher annual fees for those Funds of the Company the investment objectives and policies of which provide for investments in equity securities of issuers in developing countries.

As there will be no change to the investment policy and strategy or the operation and management of the Funds pursuant to the abovementioned changes in the designation, roles and responsibilities of JPM, it is expected that, based on the current market exposure of the Funds, the fees of JPM will not materially increase as a consequence of its appointment as the Depositary of the Company. For the avoidance of doubt, the appointment of JPM as the Depositary of the Company has not resulted in any change to the maximum annual fee of JPM (which remains as 0.14%). Such fee will be calculated and accrued daily and will be paid monthly in arrears to the Depositary by the Company. The depositary fee which is paid to JPM will be reflected in more detail in the Funds' relevant total expense ratio and in the Company's financial reports.

The Current Explanatory Memorandum of the Company and the product key facts statements of the Funds will be updated for the changes described above and all references to "Custodian" therein shall be replaced with "Depositary". In addition, the paragraph on the "CUSTODIAN" under the section "MANAGEMENT AND ADMINISTRATION" on page 88 of the Current Explanatory Memorandum shall be deleted in its entirety and replaced with the following paragraph:-

"DEPOSITARY

J.P. Morgan Bank Luxembourg S.A. has been appointed as the Depositary to provide depositary, custodial, settlement and certain other associated services to the Company.

J.P. Morgan Bank Luxembourg S.A. was incorporated in Luxembourg as a société anonyme and has its registered office at European Bank & Business Centre, 6C, route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg since its incorporation.

The Depositary will further:

- a) ensure that the issue, redemption and cancellation of Shares effected by the Company or on its behalf are carried out in accordance with the Law of 17 December 2010 and the Articles;*
- b) ensure that the value per Share of the Company is calculated in accordance with the Law of 17 December 2010 and the Articles;*
- c) carry out, or where applicable, cause any subcustodian or other custodial delegate to carry out the instructions of the Company or the relevant Investment Manager(s) unless they conflict with the Law of 17 December 2010 or the Articles;*
- d) ensure that in transactions involving the assets of the Company, the consideration is remitted to it within the usual time limits; and*

e) ensure that the income of the Company is applied in accordance with the Articles.

The Depositary may entrust all or part of the assets of the Company that it holds in custody to such subcustodians as may be determined by the Depositary from time to time. Except as provided in applicable laws, the Depositary's liability shall not be affected by the fact that it has entrusted all or part of the assets in its care to a third party.

The Depositary shall assume its functions and responsibilities in accordance with applicable laws as further described in the depositary agreement entered into between the Depositary, the Company and the Management Company.

The Depositary Agreement

The Company has appointed the Depositary as depositary under a depositary agreement dated 31 August 1994, as amended and restated by an agreement dated 18 March 2016 also entered by the Management Company (the "Depositary Agreement").

The Depositary shall perform all the duties and obligations of a depositary under the UCITS Directive as outlined in the Depositary Agreement.

The Depositary Agreement may be terminated by any party on 90 days' notice in writing. Subject to applicable laws, the Depositary Agreement may also be terminated by the Depositary on 30 days' notice in writing if (i) it is unable to ensure the required level of protection of the Company's investments under the applicable laws because of the investment decisions of the Management Company and / or the Company; or (ii) the Company, or the Management Company on behalf of the Company, wishes to invest or to continue to invest in any jurisdiction notwithstanding the fact that (a) such investment may expose the Company or its assets to material country risk or (b) the Depositary is not able to obtain satisfactory legal advice confirming, among other things, that in the event of an insolvency of a subcustodian or other relevant entity in such jurisdiction, the assets of the Company held locally in custody are unavailable for distribution among, or realisation for the benefit of, creditors of the such subcustodian or other relevant entity .

Before expiration of any such notice period, the Management Company shall propose a new depositary which fulfils the requirements of the UCITS Directive and to which the Company's assets shall be transferred and which shall take over its duties as the Company's depositary from the Depositary. The Company and the Management Company will use best endeavours to find a suitable replacement depositary, and until such replacement is appointed the Depositary shall continue to perform its services under the Depositary Agreement.

The Depositary will be responsible for the safekeeping and ownership verification of the assets of the Company, cash flow monitoring and oversight in accordance with the UCITS Directive. In carrying out its role as depositary, the Depositary shall act independently from the Company and the Management Company and solely in the interest of the Company and its investors.

Conflicts of Interest

In carrying out its functions, the Depositary shall act honestly, fairly, professionally, independently and solely in the interest of the Shareholders.

As part of the normal course of global custody business, the Depositary may from time to time have entered into arrangements with other clients, funds or other third parties for the provision of safekeeping and related services. Within a multi-service banking group such as JPMorgan Chase Group, from time to time conflicts may arise between the Depositary and its safekeeping delegates, for example, where an appointed delegate is an affiliated group company and is providing a product or service to a fund and has a financial or business interest in such product or service or where an appointed delegate is an affiliated group company which receives remuneration for other related custodial products or services it provides to the funds, for instance foreign exchange, securities lending, pricing or valuation services. Where a conflict or potential conflict of interest arises, the Depositary will have regard to its obligations to the Company (under applicable laws including Article 25 of the UCITS Directive) and will treat the Company and the other funds for which it acts fairly and such that, so far as is practicable, any transactions are effected on terms which are not materially less favourable to the Company than if the conflict or potential conflict had not existed. Such potential conflicts of interest are identified, managed and monitored in various other ways including, without limitation, the hierarchical and functional separation of Depositary's depositary functions from its other potentially conflicting tasks and by the Depositary adhering to its own conflicts of interest policy.

Subcustodians and Other Delegates

When selecting and appointing a subcustodian or other delegate, the Depositary shall exercise all due skill, care and diligence as required by the UCITS Directive to ensure that it entrusts the Company's assets only to a delegate who may provide an adequate standard of protection.

The current list of subcustodians and other delegates used by the Depositary and sub-delegates that may arise from any delegation may be obtained from the Hong Kong Representative upon request.

In addition, up-to-date information regarding the Depositary's duties and of conflicts of interest that may arise as well as of any safekeeping functions delegated by the Depositary, the list of third-party delegates and any conflicts of interest that may arise from such a delegation may also be obtained from the Hong Kong Representative upon request."

The new depositary agreement with JPM will be available for inspection at the office of the Hong Kong Representative.

5. Changes to circumstances under which the Board of Directors may terminate a Fund

Pursuant to Article 28 of the Company's Articles of Incorporation, the Board of Directors of the Company may terminate any existing Fund if the net assets of such Fund fall below an amount to be determined by the Board of Directors and disclosed in the Current Explanatory Memorandum of the Company (the "**Fund Termination Threshold**"), or under certain other circumstances.

The Current Explanatory Memorandum of the Company states (on page 83) that the Fund Termination Threshold is USD 20 million.

Investors should note that, with effect from the date of this letter, the Fund Termination Threshold will be increased to USD 50 million (or the equivalent thereof in the base currency of the relevant Fund).

This means that the Board of Directors may decide to terminate any Fund if the total value of the Shares of the relevant Fund is at any time below USD 50 million, or the equivalent thereof in the base currency of the relevant Fund.

The increase in the Fund Termination Threshold to USD 50 million is expected to bring the Company in line with market practice in Luxembourg and provide the Board of Directors with additional flexibility to manage the Funds in the interests of investors. The Depositary of the Company, J.P. Morgan Bank Luxembourg S.A., has been informed of the proposed increase and does not have any comments.

There will not be any changes to the Articles of Incorporation of the Company as a result of the increase in the Fund Termination Threshold. Investors should note that, as provided under Article 28 of the Company's Articles of Incorporation, the Board of Directors of the Company may also decide to terminate any Fund if:

- (a) a change in the economic or political situation relating to the Fund concerned would justify such termination; or
- (b) such termination is in the interests of the shareholders of the Fund concerned.

If there is any such termination of a Fund, at least one month's prior notice will be given to the shareholders of all classes of the relevant Fund. The termination will be implemented by redeeming all the Shares outstanding of the relevant Fund. The price at which Shares will be redeemed will be based on the net asset value per Share of such Fund determined upon realisation of all assets attributable to such Fund.

The Current Explanatory Memorandum of the Company will be updated for the changes described above.

* * * * *

The changes set out in this notice are not expected to give rise to any additional costs and expenses for shareholders of the Company. Any additional costs and expenses arising from the changes (other than the cost of publishing this notice) will be borne by the Management Company.

The changes set out in this notice are not expected to have any adverse impact on nor materially prejudice shareholders. Shareholders who do not agree with the changes set out in this notice may redeem their shares, free from any charge by the Company, no later than 30 December 2016 at 4.00 p.m. (Hong Kong time).

Please note that although the Company will not charge shareholders any redemption fee for redemption requests that reach the Hong Kong Representative of the Company, in some cases the relevant bank, investment adviser or other intermediary may charge transaction fees. They may also have a local dealing cut-off time which is earlier than the dealing deadline described above. Shareholders are recommended to check with their bank, investment adviser or other intermediary (if applicable) to ensure that their instructions reach the Hong Kong Representative before the dealing deadline above.

Please also note that "free of any charge" does not apply to Class B shares that are subject to the contingent deferred sales charge ("CDSC"), due to the nature of such fee. Accordingly, should shareholders decide to redeem any shares subject to a CDSC, such redemption will be subject to the applicable CDSC as more fully disclosed in the Current Explanatory Memorandum.

* * * * *

The Management Company accepts full responsibility for the accuracy of the information contained in this letter as at the date of its publication and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

If you require further information, please do not hesitate to contact your investment consultant or call our Investor Hotline at +852 2805 0111.

Yours faithfully,

For and on behalf of
Franklin Templeton Investments (Asia) Limited
富蘭克林鄧普頓投資(亞洲)有限公司



David Chang
Director