

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.**

Hong Kong, 31 January 2020

Dear Investors,

Franklin Templeton Investment Funds

- **Amendments to reflect requirements under the revised Code on Unit Trusts and Mutual Funds**

This letter is intended for investors who hold shares of the Franklin Templeton Investment Funds (the “**Company**”) via an account with (i) Franklin Templeton Investments (Asia) Limited (the “**Hong Kong Representative**”) or (ii) a duly authorized intermediary for the Hong Kong market.

Unless otherwise specified herein, capitalized terms used in this letter shall have the meanings assigned to such terms in the Explanatory Memorandum of the Company dated December 2019, as amended from time to time (“**Explanatory Memorandum**”).

A. Background

The Company and certain of its sub-funds (“**Sub-Funds**”) are authorized by the Securities and Futures Commission in Hong Kong (“**SFC**”) and hence are subject to the applicable requirements under the Code on Unit Trusts and Mutual Funds (“**Code**”) issued by the SFC. The Code has been revised.

B. Changes pursuant to the revised Code

The following key changes (“**Changes**”) are made to the Hong Kong offering documents of the Company and the Sub-Funds to reflect applicable requirements under the revised Code:

1. Enhancement of disclosures on net derivative exposure

The Explanatory Memorandum and the Product Key Facts Statements (“**KFS**”) of the Sub-Funds have been amended to include disclosures on the expected maximum net derivative exposure arising from derivative investments. The net derivative exposure of each Sub-Fund is calculated in accordance with the requirements and guidance issued by the SFC, which may be updated from time to time.

Please refer to the table below for information on the net derivative exposure of each Sub-Fund.

Name of the Sub-Fund	Net Derivative Exposure (percentage of the net asset value of the Sub-Fund)
Franklin Biotechnology Discovery Fund	Up to 50%
Franklin Euro Government Bond Fund	Up to 50%
Franklin Euro High Yield Fund	Up to 50%
Franklin European Dividend Fund	Up to 50%
Franklin European Small-Mid Cap Fund	Up to 50%
Franklin Global Convertible Securities Fund	Up to 50%
Franklin Global Real Estate Fund	Up to 50%
Franklin Gold and Precious Metals Fund	Up to 50%
Franklin High Yield Fund	Up to 50%
Franklin Income Fund	Up to 50%
Franklin India Fund	Up to 50%
Franklin MENA Fund	Up to 50%
Franklin Mutual European Fund	Up to 50%
Franklin Mutual Global Discovery Fund	Up to 50%
Franklin Mutual U.S. Value Fund	Up to 50%
Franklin Natural Resources Fund	Up to 50%
Franklin NextStep Balanced Growth Fund	Up to 50%
Franklin NextStep Dynamic Growth Fund	Up to 50%
Franklin NextStep Stable Growth Fund	Up to 50%
Franklin Select U.S. Equity Fund	Up to 50%
Franklin Strategic Income Fund	Up to 50%
Franklin Technology Fund	Up to 50%
Franklin U.S. Dollar Short-Term Money Market Fund	Up to 50%
Franklin U.S. Government Fund	Up to 50%
Franklin U.S. Opportunities Fund	Up to 50%

Name of the Sub-Fund	Net Derivative Exposure (percentage of the net asset value of the Sub-Fund)
Franklin World Perspectives Fund	Up to 50%
Templeton Asian Bond Fund	Up to 50%
Templeton Asian Growth Fund	Up to 50%
Templeton Asian Smaller Companies Fund	Up to 50%
Templeton BRIC Fund	Up to 50%
Templeton China Fund	Up to 50%
Templeton Eastern Europe Fund	Up to 50%
Templeton Emerging Markets Fund	Up to 50%
Templeton Emerging Markets Bond Fund	Up to 50%
Templeton Emerging Markets Dynamic Income Fund	Up to 50%
Templeton Emerging Markets Smaller Companies Fund	Up to 50%
Templeton Euroland Fund	Up to 50%
Templeton Frontier Markets Fund	Up to 50%
Templeton Global Fund	Up to 50%
Templeton Global Balanced Fund	Up to 50%
Templeton Global Bond Fund	Up to 50%
Templeton Global Climate Change Fund	Up to 50%
Templeton Global Equity Income Fund	Up to 50%
Templeton Global High Yield Fund	Up to 50%
Templeton Global Income Fund	Up to 50%
Templeton Global Smaller Companies Fund	Up to 50%
Templeton Global Total Return Fund	More than 50% but up to 100%
Templeton Latin America Fund	Up to 50%

2. Other updates, amendments and enhancements of disclosures

Other updates, amendments and enhancements of disclosures to reflect the requirements of the revised Code including the following:

- (a) amendments to reflect the requirements under the revised Code on transactions with connected persons, rebates and soft dollars arrangements;

- (b) enhanced disclosures to reflect the requirements under the revised Code on valuation of assets;
- (c) enhanced disclosures to reflect the requirements under the revised Code on suspension of dealings;
- (d) enhanced disclosures on the Franklin Euro High Yield Fund, Franklin High Yield Fund, Franklin Income Fund, Templeton Emerging Markets Bond Fund and Templeton Global Total Return Fund in relation to their respective exposures to debt instruments with loss-absorption features and the associated risks;
- (e) updates to the investment policies of the Franklin NextStep Balanced Growth Fund, Franklin NextStep Dynamic Growth Fund and Franklin NextStep Stable Growth Fund in relation to the Sub-Funds' investments in Underlying Funds to align with the provisions in the revised Code;
- (f) updates to the warning statement to align with the provisions in the revised Code, setting out that the SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.
- (g) enhanced disclosures on arrangements in handling unclaimed proceeds of investors where a Sub-Fund is terminated; and
- (h) enhanced disclosures on the directors of the Management Company.

Please refer to the revised Hong Kong offering documents for further details of the Changes.

C. Implication of Changes

The Changes will not result in any material change to the investment objective and risk profile of each of the Sub-Funds. There will be no increase in the fees payable out of the assets of the Sub-Funds, or any additional costs and expenses for Shareholders of the Company (other than the cost of publishing this letter, which is estimated to be approximately HKD150,000 and which will be charged and allocated to the Sub-Funds covered in the letter based on the pro rata share of the Net Asset Value of the Sub-Funds), as a result of the Changes. Any additional costs and expenses arising from the changes will be borne by the Management Company. The Changes will also not result in a change in the manner in which the Company and the Sub-Funds currently operate or are being managed.

D. Availability of Documents

The revised Hong Kong offering documents are available at the office of the Hong Kong Representative.

E. Enquiries

If you require further information, please do not hesitate to contact your investment consultant, call our Investor Hotline at +852 2805 0111 or contact the Hong Kong Representative at 17/F, Chater House, 8 Connaught Road Central, Hong Kong. If you are not a duly authorized intermediary for the Hong Kong market, please be advised that you are not required to forward this letter to your end clients.

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

We would like to take this opportunity to thank you for your valuable support and we look forward to be of continued service to you.

Yours faithfully,

Franklin Templeton Investments (Asia) Limited

富蘭克林鄧普頓投資(亞洲)有限公司

As Hong Kong Representative of the Company

此乃重要文件，須即時留意。

如閣下對本信件的内容有任何疑問，
請諮詢獨立專業人士意見。

敬啟者：

富蘭克林鄧普頓投資基金

- 為反映經修訂《單位信託及互惠基金守則》的規定所作之修訂

本信件適用於通過(i) 富蘭克林鄧普頓投資(亞洲)有限公司(「香港代表」)或(ii) 香港市場的正式授權中介人賬戶而持有富蘭克林鄧普頓投資基金(「本公司」)股份的投資者。

除另有規定外，本信件內所用的詞語與本公司日期為 2019 年 12 月的基金說明書(經不時修訂)(「基金說明書」)書所界定者具相同涵義。

A. 背景

本公司及其若干子基金(「子基金」)獲香港證券及期貨事務監察委員會(「證監會」)認可，因此受證監會頒佈的《單位信託及互惠基金守則》(「守則」)下的適用規定規限。守則已作出修訂。

B. 根據經修訂守則所作的變更

本公司及子基金的香港發售文件作出以下主要變更(「變更」)，以反映經修訂守則的適用規定：

1. 有關衍生工具風險承擔淨額的加強披露

基金說明書及子基金的產品資料概要(「KFS」)已作出修訂，以加入有關衍生工具投資所產生的預計最高衍生工具風險承擔淨額。各子基金的衍生工具風險承擔淨額乃根據證監會頒佈的要求及指引(可能不時更新)計算。

有關各子基金的衍生工具風險承擔淨額的資料請參閱下表。

基金名稱	衍生工具風險承擔淨額 (基金資產淨值的百分比)
富蘭克林生物科技新領域基金	最高達 50%
富蘭克林歐元政府債券基金	最高達 50%
富蘭克林歐元高息基金	最高達 50%
富蘭克林歐洲股息基金	最高達 50%
富蘭克林歐洲中小型公司基金	最高達 50%
富蘭克林環球可換股證券基金	最高達 50%
富蘭克林環球物業收益基金	最高達 50%
富蘭克林黃金及貴金屬基金	最高達 50%
富蘭克林高息基金	最高達 50%
富蘭克林入息基金	最高達 50%
富蘭克林印度基金	最高達 50%
富蘭克林中東北非基金	最高達 50%
富蘭克林互惠歐洲基金	最高達 50%
富蘭克林互惠環球探索基金	最高達 50%
富蘭克林互惠美國價值基金	最高達 50%
富蘭克林天然資源基金	最高達 50%
富蘭克林領步均衡增長基金	最高達 50%
富蘭克林領步動力增長基金	最高達 50%
富蘭克林領步平穩增長基金	最高達 50%
富蘭克林智選美國股票基金	最高達 50%
富蘭克林策略收益基金	最高達 50%
富蘭克林科技基金	最高達 50%
富蘭克林美元短期貨幣市場基金	最高達 50%
富蘭克林美國政府基金	最高達 50%

基金名稱	衍生工具風險承擔淨額 (基金資產淨值的百分比)
富蘭克林美國機會基金	最高達 50%
富蘭克林世界前瞻基金	最高達 50%
鄧普頓亞洲債券基金	最高達 50%
鄧普頓亞洲增長基金	最高達 50%
鄧普頓亞洲小型公司基金	最高達 50%
鄧普頓新興四強基金	最高達 50%
鄧普頓中國基金	最高達 50%
鄧普頓東歐基金	最高達 50%
鄧普頓新興市場基金	最高達 50%
鄧普頓新興市場債券基金	最高達 50%
鄧普頓新興市場動力入息基金	最高達 50%
鄧普頓新興市場小型公司基金	最高達 50%
鄧普頓歐元區基金	最高達 50%
鄧普頓前緣市場基金	最高達 50%
鄧普頓環球美元基金	最高達 50%
鄧普頓環球均衡增長基金	最高達 50%
鄧普頓環球債券基金	最高達 50%
鄧普頓環球氣候變化基金	最高達 50%
鄧普頓環球股票入息基金	最高達 50%
鄧普頓環球高息基金	最高達 50%
鄧普頓環球入息基金	最高達 50%
鄧普頓環球小型公司基金	最高達 50%
鄧普頓環球總收益基金	超過 50%，但最高可達 100%
鄧普頓拉丁美洲基金	最高達 50%

2. 其他更新、修訂及加強披露

為反映經修訂守則規定而作出的其他更新、修訂及加強披露包括以下各項：

- (a) 反映經修訂守則下有關關連人士交易、回佣及非金錢利益安排的規定之修訂；
- (b) 反映經修訂守則下有關資產估值的規定之加強披露；
- (c) 反映經修訂守則下有關暫停交易的規定之加強披露；
- (d) 有關富蘭克林歐元高息基金、富蘭克林高息基金、富蘭克林入息基金、鄧普頓新興市場債券基金及鄧普頓環球總收益基金各自於具有損失吸收特徵的債務工具的投資及相關風險之加強披露；
- (e) 有關富蘭克林領步均衡增長基金、富蘭克林領步動力增長基金及富蘭克林領步平穩增長基金為符合經修訂守則的規定而作出的投資政策之更新；
- (f) 有關為符合經修訂守則的規定而作出的警告聲明之更新，訂明證監會認可並非為對某一計劃作出推介或認許，亦不是對該計劃的商業利弊或表現作出保證。不代表該計劃適合所有投資者，或認許該計劃適合任何個別投資者或任何類別的投資者；
- (g) 有關子基金終止期間處理投資者未領款項的安排之加強披露；及
- (h) 有關管理公司的董事之加強披露。

有關變更的進一步詳情請參閱經修訂香港發售文件。

C. 變更的影響

此等變更將不會導致各子基金的投資目標及風險概況發生任何重大變化。應從子基金資產中支付的費用或本公司的股東所承擔的任何額外費用及開支將不會因此等變更而有所增加（刊發本信件的費用除外，該費用預計約為 150,000 港元，將由本信件所載的子基金根據其資產淨值按比例承擔）。此等變更產生的任何其他費用及開支將由管理公司承擔。此等變更亦不會導致本公司及子基金現時的經營或管理方式發生變化。

D. 可提供文件

經修訂香港發售文件可於香港代表辦事處取得。

E. 查詢

如閣下需要進一步資料，請聯絡閣下的投資顧問或致電我們的投資者熱線 +852 2805 0111 或聯絡香港代表（香港中環干諾道中 8 號遮打大廈 17 樓）。如閣下不是香港市場的正式授權中介人，您不需要將此信轉發給您的最終客戶。

管理公司及董事局就本信件的内容截至本信件印刷日的準確性承擔全部責任，並已作出一切合理查詢後，確認就其所知及所信，並無遺漏其他事實致使本文件所載任何陳述產生誤導。

我們謹藉此機會感謝閣下的寶貴支持，並期待繼續為閣下服務。

富蘭克林鄧普頓投資(亞洲)有限公司
Franklin Templeton Investments (Asia) Limited
作為本公司的香港代表

香港，2020 年 1 月 31 日