

FRANKLIN TEMPLETON INVESTMENT FUNDS

富蘭克林坦伯頓全球投資系列基金

公開說明書中文譯本

SOCIÉTÉ D'INVESTISSEMENT À CAPITAL VARIABLE
INCORPORATED IN LUXEMBOURG

設立組成於盧森堡
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本公開說明書中文譯本僅供參考。中文譯本之內容與英文公開說明書若有歧異，以英文公開說明書之內容為準。

富蘭克林坦伯頓全球投資系列基金

Société d'investissement à capital variable

註冊辦事處：盧森堡艾伯特博歌特大道 8A，L-1246 盧森堡

盧森堡大公國

註冊號碼：B 35 177

基金提供

富蘭克林坦伯頓全球投資系列基金（本公司）為相關的基金股份以公開售價提供不同類別的無面額股份供投資人選擇，每個股份類別連結到本公司下列其中之一的子基金：

● Franklin Biotechnology Discovery Fund	生技領航基金
● Franklin Euro High Yield Fund	歐洲非投資等級債券基金 (原名為：歐洲高收益基金) (本基金之配息來源可能為本金)
● Templeton European Small-Mid Cap Fund	歐洲中小型企業基金
● Franklin Global Real Estate Fund	全球房地產基金(本基金之配息來源可能為本金)
● Franklin Gulf Wealth Bond Fund	波灣富裕債券基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)
● Franklin High Yield Fund	公司債基金(本基金主要係投資於非投資等級之高風險債券且基金之配息來源可能為本金)
● Franklin Income Fund	穩定月收益基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)
● Franklin India Fund	印度基金
● Franklin Japan Fund	日本基金
● Franklin K2 Alternative Strategies Fund	多空策略基金
● Franklin Mutual European Fund	互利歐洲基金
● Franklin Mutual Global Discovery Fund	互利全球領航基金
● Franklin Mutual U.S. Value Fund	互利美國價值基金
● Franklin Natural Resources Fund	天然資源基金
● Franklin Strategic Income Fund	精選收益基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配

	息來源可能為本金)
● Franklin Technology Fund	科技基金
● Franklin U.S. Dollar Short-Term Money Market Fund	美元短期票券基金
● Franklin U.S. Government Fund	美國政府基金(本基金之配 息來源可能為本金)
● Franklin U.S. Opportunities Fund	美國機會基金
● Franklin Global Growth Fund	吉富世界基金
● Templeton Asian Bond Fund	亞洲債券基金(本基金之配 息來源可能為本金)
● Templeton Asian Growth Fund	亞洲成長基金
● Templeton Asian Smaller Companies Fund	亞洲小型企業基金
● Templeton BRIC Fund	金磚四國基金
● Templeton China Fund	大中華基金
● Templeton Eastern Europe Fund	東歐基金
● Templeton Emerging Markets Bond Fund	新興國家固定收益基金(本 基金有相當比重投資於非 投資等級之高風險債券且 基金之配息來源可能為本 金)
● Templeton Emerging Markets Dynamic Income Fund	新興市場月收益基金(本基 金之配息來源可能為本金)
● Templeton Emerging Markets Fund	新興國家基金
● Templeton Emerging Markets Smaller Companies Fund	新興國家小型企業基金
● Templeton Euroland Fund	潛力歐洲基金
● Templeton European Dividend Fund	歐洲股票收益基金(本基金 之配息來源可能為本金)
● Templeton Frontier Markets Fund	邊境市場基金
● Templeton Global Balanced Fund	全球平衡基金(本基金之配 息來源可能為本金)
● Templeton Global Bond Fund	全球債券基金(本基金之配 息來源可能為本金)
● Templeton Global Climate Change Fund	全球氣候變遷基金
● Templeton Global Equity Income Fund	全球股票收益基金(本基金 之配息來源可能為本金)
● Templeton Global Fund	全球基金
● Templeton Global High Yield Fund	全球非投資等級債券基金 (原名為：全球高收益基 金)(本基金配息來源可能 為本金)
● Templeton Global Smaller Companies Fund	中小型企業基金
● Templeton Global Total Return Fund	全球債券總報酬基金(本基 金有相當比重投資於非投 資等級之高風險債券且基

	金之配息來源可能為本金)
● Templeton Growth (Euro) Fund	成長(歐元)基金
● Templeton Latin America Fund	拉丁美洲基金

富蘭克林坦伯頓全球投資系列基金—重要資訊

若您對本公開說明書的內容有任何疑慮，您應該與您的銀行、股票經紀商、律師、會計師、或是其他的財務顧問商量。沒有人被授權給予任何相左於本公開說明書所涵蓋的資訊或是在此中所提到的任何文件。

本公司

本公司是依照盧森堡大公國法律所組成的法人組織（société anonyme），並且為合法的可變動資本額投資公司（société d'investissement à capital variable（“SICAV”））。

依照 2010 年 12 月 17 日所修訂盧森堡法律第一部份有關集合投資事業的規定，得視狀況隨時修訂（即“2010 年 12 月 17 日法規”），本公司註冊於集合投資事業正式名冊中。依照 2009 年 7 月 13 日所修訂歐盟議會和理事會指令 2009/65/EC，本公司為合格從事可轉讓證券的集合投資事業（“UCITS”）。

本公司已指派註冊於盧森堡艾伯特博歇特大道 8A，L-1246，盧森堡大公國之富蘭克林坦伯頓國際服務有限公司擔任管理公司，以便對本公司提供投資管理、行政及行銷等服務並在可能範圍內授權部分或全部之前揭服務予第三方。

本公司已在下列（除盧森堡大公國之外）各個歐洲國家獲得行銷股份認可：奧地利、比利時、賽普勒斯、捷克、丹麥、愛沙尼亞、芬蘭、法國、德國、直布羅陀、希臘、匈牙利、愛爾蘭、義大利、拉脫維亞、立陶宛、荷蘭、波蘭、葡萄牙、羅馬尼亞、斯洛伐克、西班牙、瑞典和英國。在任何法律管轄下，本公司股份的註冊並不需要任何權力當局去核准或否決本公開說明書的適足性或精準性，或者是本公司所持有的證券投資組合。任何的相反的聲明是未經授權及違法的。

根據歐盟議會和理事會指令 2009/65/EC（經修訂之指令(EU) 2019/1160 歐盟跨境分銷基金指令）第 92 (1) b)至 e)條款，某些歐洲經濟區國家對投資人提供基金相關文件之設施服務得於 <https://www.eifs.lu/franklintonpleton> 線上取得。

本公開說明書的發放以及基金股份的銷售可能在某些特定的其他管轄地區有所限制。任何欲申購股份的投資人有責任了解關於本公開說明書所告知的內容，以及遵守任何相關管轄地區所適用的法律與規定。投資人亦須注意：在某些法律管轄區（例如義大利）的付款機構與通匯銀行可能有設定固定交易金額。計劃在未來做股份申購的投資人必須自行注意有關這類申購的法律規定以及任何依其個別公民、居留或戶籍身分所適用的稅則。

本公司依循 2000 年英國金融服務市場法案之 264 章節，為公認的集合投資組織。

本公開說明書提及之基金不受杜拜金融服務管理局（“DFSA”）任何形式的監管或批准，並且不屬於 DFSA 定義的“零售客戶”的基金（如依據適用之相關法律透過中介機構公開銷售者除外）。DFSA 無責任審查或驗證本公開說明書或任何與基金有關

的其他文件。因此，DFSA 並未批准本公開說明書或任何其他相關文件，亦未採取任何步驟來驗證本公開說明書中的訊息，故對內容概不負責。股份的發行可能會受到轉售限制。有意購買的投資人應自行對股份進行盡職調查，如有未能理解本公開說明書的內容，則應諮詢有授權的財務顧問。

本公司可於全世界許多其他不同的法律管轄地區申請本公司股份的註冊。

本公司沒有任何公司債券、貸款、借貸或是具負債性質的承兌或承兌信用、擔保品擔保義務、保證或是其他重大的或有負債。

本公司沒有在美國註冊並受 1940 年投資公司法規範。本公司的股份亦沒有在美國註冊並受 1933 年證券法規範。現有的股份，不可在美國法律管轄範圍或是在美國境內或是轄區領土、屬地或地區，直接或間接做股份買賣交易，亦不可銷售予美國居民，除非在美國的法律，任何適用的條例、規則或說明中，有現成的免除註冊規定可供遵循。位於（居住）在美國的人或其他美國人（根據 1933 年美國證券法 S 規則所定義）（統稱為“美國人”）不得申購本公司股份。申購股份時應須聲明投資者不是美國人或代表任一美國人做申購。在沒有以書面形式通知本公司與此相反的情況下，潛在投資者於本公司的投資申購書表單中提供了非美國地址，這將被視為該投資者聲明及保證，他/她/它非美國人，除本公司接獲變更通知該投資者的資格外，其將持續被視為非美國人。

“美國人”稱謂是指任何人合乎 1933 年美國證券法下之 S 規則所定義之美國人。在 S 規則的這類美國人稱謂定義，有時會經由立法、法條、規則、或是司院或行政機構的解釋而有所變動。

本公司並無註冊在加拿大任何省或其管轄區域，且在適用的證券法下，本公司股份無法在任何加拿大管轄區域銷售。在此條件下，股份不得直接或間接在加拿大任何省或管轄區域提供或銷售，或提供或銷售予其居民，除非該加拿大居民在投資期間一直維持依加拿大證券法規定義的“許可客戶”。有意投資者可能會被要求申報其是否為加拿大居民，及非代表加拿大居民申購股份。如果投資者購買本公司股份後成為加拿大居民，投資人將無法新增申購任何本公司的股份。

在此公開說明書的聲明是以盧森堡大公國現行的法律及施行細則為基礎，並遵行這些法律與施行細則的變更。

本公開說明書沒有對任何人提出在任何法律管轄區內視為不法的請求或是教唆，或是透過任何人從事不合規範的請求或是教唆。

本公司股份的價格及來自股份的收益可能會下跌與上漲，投資人也有可能無法取回已投資金額。投資人須更加特別留意本公司投資所可能引發特定風險（將定義於後）的事實，在“風險考量”章節裡有更詳盡的說明。

本公司最近期的已審計年報以及未審計半年報為本公開說明書不可缺少的部分，投資人可向本公司及管理公司之註冊辦事處免費索取。

投資人欲取得有關本公司進一步的資訊（包括有關申訴處理的程序、本公司投票權行使所遵循的政策、代表本公司與其他機構交易的下單政策、最佳執行政策以及有關費用、酬傭或是本公司的投資管理及行政相關之非金錢利益的安排），或是希望對本公司的營運提出申訴時，敬請與位於盧森堡艾伯特博歇特大道 8A, L-1246 的管理公司客戶服務部門或是其當地服務處所聯繫。

本公司及管理公司請投資人注意，如果投資人為已註冊並且以其名義為本公司的記名股東，則該任何投資人將只能直接對本公司完全行使其投資人權利，特別是有權利參與股東大會的事實。

如果投資人投資本公司係透過中介機構以其名義代表投資人投資於本公司時，對投資人可能無法總是能直接對本公司執行某些股東權利。投資人應尋求諮詢以了解其權利。管理公司，擔任本公司的主辦承銷商（“主辦承銷商”），也將組織並監督股份的行銷及分配。主辦承銷商可能僱用次承銷商、中介機構、交易商以及/或是專業投資人（其可能為富蘭克林坦伯頓基金集團的分支機構並且可取得部分年度管理費用，分銷費用及其他類似費用）。

此外，管理公司有時可能依據某些有銷售或即將銷售本公司股份的特定國家之相關法規或稅務條件的要求，將現階段原本由主辦承銷商負責的股份行銷、管理與監控，隨時由管理公司直接指派給其他機構（可能是富蘭克林坦伯頓基金集團的關係企業）。

依據管理公司契約的規定，上述的其他機構可能為次承銷商、中介機構、交易商或專業投資人（他們可能是富蘭克林坦伯頓基金集團的關係企業）。雖然如此，管理公司仍將監控上述的次承銷商、中介機構、交易商或專業投資人以及指派給他們的任務，而其為擔任主辦承銷商的部分任務。

主辦承銷商、次承銷商、中介機構和交易商從事市場行銷及股份配銷活動須遵守並執行本公開說明書的所有規範，包括所適用之任何盧森堡法律及條例有關股份配銷的強制性條款的規範。他們在進行活動時也須遵守其所適用之當地國家的任何法律及條例的規範，尤其是包含任何為確認及知悉其客戶的相關要求。他們不得以任何方式行使可能對本公司以及/或是管理公司有所損害或是負有義務的行動，尤其是提交本公司和/或管理公司其他未被額外要求的監管、會計或報告資訊。他們不能以其身分對外代表本公司。

為避免疑慮，經由其他機構（或上述的次承銷商、中介機構、交易商或專業投資人）進行申購的投資人，本公司或管理公司不會收取額外的費用。

在適用的狀況下，本公開說明書中有關主辦承銷商的參考資料也適用於上述管理公司指派的其他機構。

本公司的董事其姓名已出現在“行政資訊”章節裡，皆對本公開說明書所刊載的內容負責。就董事們的智識和信念所及（負責以合理的注意確保成就此事），本公開說明書的內容皆據實刊載，並無遺漏任何可能影響這類資料的重要性。董事會依據事實接受責任。

董事會的職權

董事會負責本公司之管理及行政功能，並依本公司章程及與管理公司之服務合約，將其日常管理及行政事務授權予管理公司。

董事會負責本公司及其所屬基金之全面的投資政策、目標及管理。依據公開說明書的修訂，董事會可授權成立具備不同投資目標之新基金。

本公司董事會可決議提供或發行任何一支基金已存在的股份類別（其期間與條件在“股份類別”與“投資管理費用”的章節有更詳細的說明）除基本計價幣別以外的選擇性貨幣類別、避險股份類別、與具有不同的配息頻率的股份類別。如“股份價格的發行”章節的說明，投資人將於這類股份的每股淨資產價值公佈時得知這類股份的發行。

如本基金股份的總值低於美金五千萬元或約當等值此數之時或是有關政經情況之變動適合基金進行這類清算考量，或視其是否來自有關基金股東利益的要求，董事會得決定贖回此基金的所有流通股份，同時寄發通知給記名投資人，告知此項贖回。

贖回價格將採此基金所有資產變現後計算出來的每股淨值。更多細節，請參閱附錄 D。

本公司董事會保留權利在任何時候得未經通知，並依公開說明書規定不繼續發行或銷售股份。

各個基金發行或提供股份，其股份類別與計價貨幣詳述於“股份類別”章節裡。

各基金資產的可利用性係專為滿足其股東或因該基金之成立、營運或清算而產生之債權人的權益。為股東間關係的目的，各基金將被視為獨立的個體。

本基金股份價格的決定得於必要時期得暫停，此時期乃指於相關的證券交易所之交易被限制時，或是當某些特定情況發生時，以致於無法處理或評估本公司的投資（請參閱附錄 D）。於此暫停時期，不得發行或回贖或轉換股份。董事會及/或管理公司會在報紙上公佈任何暫停時期的通知。

本公開說明書在某些法律管轄區之發行可能需要翻譯成該法律管轄區規定之官方語言。若該翻譯語言之版本與本公開說明書英文版本內容有分歧時，以英文版本為準。

本公開說明書將持續更新並且可於 www.franklintempleton.lu 或其他富蘭克林坦伯頓的股份承銷商的網站裡查閱或下載，或是到本公司及管理公司的註冊辦事處免費索取。

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定義

"ABCP(s)" 資產基礎商業本票	Asset backed commercial paper(s) 資產基礎商業本票。
"Accumulation Share" 配息累積股份	a Share which accumulates the income attributable to a Share so that it is reflected in the increased value of that Share 股份累積可分配的收益反映在該股份淨值的增加。
"Administrative Agent" 行政代理機構	J.P. Morgan SE -- Luxembourg Branch (the Legal successor of J.P. Morgan Bank Luxembourg S.A.), to whom the Management Company has delegated some of the administrative agency services in relation to the Company 管理公司已授權摩根歐洲盧森堡分行(摩根大通銀行盧森堡分行的合法繼承人)處理本公司部份的行政代理服務業務。
"Alternative Currency Class" 選擇性貨幣股份類別	a Share Class in an alternative currency to the base currency of the Fund 股份類別為選擇性幣別而非該基金的基本計價幣別。
"Alternative Fund" 另類型基金	an Alternative Fund's assets are allocated across alternative strategies which generally relate to investments in non-traditional asset classes or non-traditional investment strategies, including long short equity, event driven, relative value, and global macro 另類型基金的資產是在另類投資策略上配置，其通常與投資於非傳統資產類別或是非傳統投資政策相關，包括股票對沖策略、事件驅動、相對價值，以及全球宏觀。
"Annual General Meeting" 年度股東大會	the annual general meeting of Shareholders of the Company 本公司股東的年度股東大會。
"Articles" 公司章程	the articles of incorporation of the Company as amended from time to time 本公司公司章程（得隨時修訂）。
"Balanced Fund" 平衡型基金	a Balanced Fund (also known as mixed fund) typically invests in more than one type of asset, such as equities or debt securities (including, but not limited to, bonds). The proportion of a Balanced Fund invested in each type of asset (the asset allocation) may be fixed for some Funds and flexible for others. Where the asset allocation is flexible, the Investment Manager will make adjustments to the amount invested in each type of asset depending on its view of their future prospects 平衡型基金（亦稱為混合或多重資產基金）特色為投資超過多於一種資產類別，例如：股權或債權證券（包括但不限於債券）。有些平衡型基金投資於各種資產類別的比例（即資產配置）可能是固定的，而有些則是彈性的。當資產配置有彈性時，投資經理公司將視其對未來前景的看法而對各種資產類別的投資金額進行調整。
"Bond Connect" 債券通	is a mutual market access scheme allowing overseas investors to trade in bonds circulated on the China Interbank Bond Market (CIBM) 是一個相互市場進入機制，允許海外投資人於中國銀行間債券市場(CIBM)交易。
"Board of Directors" 董事會	the board of directors of the Company 本公司董事會。
"Broker/Dealer" 經紀商/交易商	financial intermediary or advisor 金融中介機構或顧問公司。

"Business Day" 營業日	a day on which the banks in the relevant jurisdiction(s) are normally open for business 相關管轄區域的銀行正常開放營業的日子。
"Code on Unit Trust and Mutual Funds" 單位信託及共同基金代碼	a code for authorisation and maintenance filings of domestic and foreign funds in Hong Kong 於香港境內外基金授權和維護申報文件的代碼
"Commitment Approach" 承諾法	an approach for measuring risk or "Global Exposure" that factors in the market risk of the investments held in a UCITS sub-fund, including risk associated with any financial derivatives instruments held by converting the financial derivatives into equivalent positions in the underlying assets of those derivatives (sometimes referred to as "notional exposure"), after netting and hedging arrangements where the market value of underlying security positions may be offset by other commitments related to the same underlying positions. Global Exposure using the Commitment Approach is expressed as an absolute percentage of total net assets. Under Luxembourg Law, Global Exposure related solely to financial derivatives may not exceed 100% of total net assets, and Global Exposure overall (including market risk associated with the sub-funds' underlying investments, which by definition make up 100% of total net assets) may not exceed 200% of total net assets (excluding the 10% that a UCITS may borrow on a temporary basis for short-term liquidity) 為衡量基金風險或全球曝險的一種方法。全球曝險係指 UCITS 子基金持有之投資組合之市場風險，包括透過將衍生性金融商品轉換為該衍生性商品標的資產之等值部位而持有的任何衍生性金融商品相關的風險（又稱“名目曝險”），標的資產之市場價值在沖抵或避險安排下，相同之標的資產部位可用承諾法進行沖抵。在使用承諾法下，全球曝險以全部淨資產的絕對百分比表示。在盧森堡的規範下，與衍生性金融商品有關的全球曝險不得超過全部淨資產價值的 100%，而全球曝險總額（包含與子基金投資相關的市場風險，根據定義，這些風險佔全部淨資產的 100%）不得超過全部淨資產價值的 200%（不包含 UCITS 因暫時性借貸產生的 10% 短期負債）。
"Company" 本公司	Franklin Templeton Investment Funds 富蘭克林坦伯頓全球投資系列基金。
"Contingent Deferred Sales Charge" or "CDSC" 或有遞延銷售手續費	a fee imposed when shares are sold, typically during the first few years of ownership 當售出股份是特別在持有的最初幾年期間時，所收取的費用。
"Contract Note" 成交單	see sub-section "Contract Note" under section Investor General Information 請詳投資人“一般投資人資訊”章節之“成交單”段落之內容。
"Correspondent Bank" 通匯銀行	a bank that, in its own country, handles the business on behalf of a bank located in another country 代表位於其他國家的銀行在其所屬國家處理業務的銀行。
"Covered Bonds" 擔保債券	Covered bonds are debt obligations issued by credit institutions and secured by a ring-fenced pool of assets (the "cover pool" or "cover assets") which bondholders have direct recourse to as preferred creditors. Bondholders remain at the same time entitled to a claim against the issuing entity or an affiliated entity of the issuer as ordinary creditors for any residual amounts not fully settled with the liquidation of the cover assets, giving them effectively a double claim or "dual recourse". 擔保債券是信貸機構發行的債務憑證，且由資產池（“擔保池”或“擔保資產”）所擔保，債券持有人有直接追索權，視為優先債權人。債券持有人同時有權向發行公司或發行公司的關係企業提出索賠。作

	為一般債權人，若擔保資產未能完全清償，則提供債權人雙重索賠或“雙重追索權”。
“CPF” 新加坡中央公積金	Central Provident Fund 新加坡中央公積金
“CPF Board” 新加坡中央公積金局	Central Provident Fund Board, a statutory body incorporated in Singapore and constituted under the Central Provident Fund Act. 新加坡中央公積金局設立在新加坡，依中央公積金法而成立的法定單位。
“CPF Investor” 新加坡中央公積金投資人	a purchaser of Shares in the Company using this CPF Savings, subject to such terms and conditions set out in the Singapore prospectus and terms and conditions as may be imposed by the CPF Board from time to time. 本公司基金股份購買者使用新加坡中央公積金存款，受新加坡公開說明書上列出的條款及條件，和新加坡中央公積金局的條款及條件不時所規定。
“CSSF” 盧森堡金融監督處	Commission de Surveillance du Secteur Financier – The regulatory and supervisory authority of the Company in Luxembourg. 金融業監督管理委員會- 本公司在盧森堡之管理及監督主管機關。
“Data Protection Officer” 資料保護長	A person appointed by the Management Company as a data protection officer in accordance with the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC 依據 2016 年 4 月 27 日歐洲議會和理事會的第 2016/679 號規則，管理公司委任資料保護長以保護自然人之個資處理以及個資自由流通，同時廢除 95/46 / EC 指令。
“Dealing Cut-Off Time” 交易截止時間	the time prior to which a transaction instruction must be received in order for the transaction to be processed at the current day's NAV as further described in Appendix A of this Prospectus 交易指示必須在交易截止時間之前被收到以便可以當日的基金淨值來交易，詳見本基金公開說明附錄 A 之說明。
“Dealing Day” 交易日	any Valuation Day which is also a Business Day. Dealing Day restrictions in any jurisdiction may be obtained upon request 任何評價日亦即是營業日，在任何管轄區域的交易日限制得依要求索取。
“Depository” 基金保管機構	J.P. Morgan SE -- Luxembourg Branch (the Legal successor of J.P. Morgan Bank Luxembourg S.A) a Luxembourg-based bank, has been appointed by the Company's depository bank 本公司已指派摩根歐洲盧森堡分行(摩根大通銀行盧森堡分行的合法繼承人)為本公司資產的存託銀行。
“Directors” 董事	the members of the Board of Directors 董事會的成員。
“Distributor” 經銷商	an entity or person duly appointed by Management Company, acting as the Principal Distributor to distribute or arrange for the distribution of Shares 由管理公司所正式指派的機構或個人，擔任主辦承銷商一職得以分配或安排股份的經銷事宜。

"Distribution Share" 配息發放股份	a Share which normally distributes its net investment income, unless otherwise stated in the relevant Fund policy 股份將正常分配其淨投資收益，除非在相關基金政策另有說明。
"Eligible State" 符合條件的國家	includes any member state of the EU, any member of the OECD, and any other state which the Board of Directors deems appropriate 包括歐盟的任何成員國、經濟合作發展組織的任何成員，以及董事會認為合適的任何其他國家。
"Equity Fund" 股票型基金	an Equity Fund's assets are mainly or solely invested in or exposed to equity securities issued by companies which are listed and traded on stock exchanges (equities). Equity Funds can either invest globally (global equity Funds) or be concentrated on specific countries (country-specific Funds), geographic regions (regional Funds) or sectors (sector-specific Funds) 一檔股票型基金的資產係主要或完全地投資或曝險在股票交易所上市或交易的公司所發行的股權證券。股票型基金可以全球性的投資（全球股票型基金）、或是集中在特定國家（特定國家股票型基金）、地理區域（區域股票型基金）或是產業（特定產業股票型基金）。
"ESTR" 歐元短期利率	Euro Short-Term Rate 歐元短期利率
"ETF" 指數股票型基金	Exchange Traded Fund 指數股票型基金。
"EU" 歐盟	European Union 歐洲聯盟。
"Expected Level of Leverage" 期望槓桿水準	Funds which measure Global Exposure using a Value-at-Risk (VaR) approach disclose their Expected Level of Leverage. The Expected Level of Leverage is not a regulatory limit and should be used for indicative purposes only. The level of leverage in the Fund may be higher or lower than this expected level at any time as long as the Fund remains in line with its risk profile and complies with its relative VaR limit. The annual report will provide the actual level of leverage over the past period and additional explanations on this figure. The leverage is a measure of the aggregate derivative usage and therefore does not take into account other physical assets directly held in the portfolio of the relevant Funds. The Expected Level of Leverage is measured as the Sum of Notionals. 基金使用風險值法衡量其全球曝險須揭露其期望槓桿水準。期望槓桿水準僅供參考，而非法規之限制。只要本基金符合其風險概況及遵循其相對風險值之限制，其槓桿水準可能會隨時高於或低於其期望槓桿水準。年度財務報告將會提供過去一年實際的槓桿水準及額外解釋該數據。槓桿係衡量全部衍生性商品使用之程度，因此不考量相關基金投資組合中直接持有之資產部位。衡量期望槓桿水準的方法為名目本金總額法。(參閱名目本金總額法定義)
"FATCA" 外國帳戶稅收遵從法案	Foreign Account Tax Compliance Act 外國帳戶稅收遵從法案。
"FCM" 期貨經紀商	Futures Commission Merchant, an individual or organization which does both of the following: 1) solicits or accepts offers to buy or sell futures contracts, options on futures, off exchange foreign exchange contracts or swaps and 2) accepts money or other assets from customers to support such orders 期貨經紀商為從事下列兩項事項的個人或是組織：1) 招攬或是受理期貨契約、期貨選擇權、或是互換交易協定的買賣訂單以及 2) 受理來自客戶的價金或是其他資產來進行這類交易。

<p>“FFI” 外國金融機構</p>	<p>a Foreign Financial Institution as defined in FATCA 於外國帳戶稅收遵從法案所定義之外國金融機構</p>
<p>“Fixed Income Fund” 固定收益型基金</p>	<p>a Fixed Income Fund's assets are mainly or solely invested in or exposed to debt securities (including, but not limited to, bonds) which pay a fixed or variable rate of interest and which may be issued by companies, national or local governments and/or international organizations which are supported by several governments (such as the World Bank). Fixed Income Funds may invest globally or focus on a geographic region or country and may invest in bonds issued by different types of issuer or focus on just one (such as governments) 一檔固定收益型基金的資產係主要或完全地投資或曝險在債權證券（包括但不限於債券），其支付固定或變動利率的利息，並且其可能是由公司、國家或地方政府，以及/或是由數個政府所支持的國際組織（例如：世界銀行）所發行之。固定收益型基金可以全球性的投資或是集中在地理區域或國家，並且可能投資於由不同種類的發行機構所發行的債券，或是僅集中投資於一種發行機構（例如：政府）。</p>
<p>“Franklin Templeton” 富蘭克林坦伯頓基金集團</p>	<p>FRI and its subsidiaries and affiliates worldwide 富蘭克林公司及其遍及全世界的子公司和關係企業。</p>
<p>“FRI” 富蘭克林公司</p>	<p>Franklin Resources Inc, One Franklin Parkway, San Mateo, California, a holding company for various subsidiaries that, together, are referred to as Franklin Templeton 位於加州聖瑪蒂奧的富蘭克林公司，為一家控股公司連同其許多的子公司一起合稱為富蘭克林坦伯頓基金集團。</p>
<p>“Fund” 基金</p>	<p>a distinct pool of assets and liabilities within the Company, distinguished mainly by its specific investment policy and objective as created from time to time 在本公司內由不同的資產與負債組成的共同資金，主要是由其特定的投資政策和目標（得隨時創設）來做區分。</p>
<p>“Global Exposure” 全球曝險</p>	<p>refers to a measure of the risk exposure for a UCITS sub-fund that factors in the market risk exposure of underlying investments, as well as the incremental market risk exposure and implied leverage associated with financial derivative instruments if and where held in the portfolio. Under Luxembourg regulation, UCITS are required to measure such risk exposure using either a “Commitment Approach” or a “Value-at-Risk (VaR) Approach” – see separate definitions for these terms 為衡量 UCITS 子基金之曝險，即其投資標的之市場曝險的因素，如投資組合所持有之衍生性金融商品之增額市場曝險及隱含槓桿。在盧森堡的法規規範下，UCITS 基金須使用“承諾法”或“風險值法”計算上述之曝險部位，請詳上述項目的個別定義。</p>
<p>“Green Bond” 綠色債券</p>	<p>a debt instrument whose proceeds will be used for partial or full financing or pre-financing of new and / or existing projects that have a beneficial impact on the environment 一種債務工具，其收益將被用於對環境產生有益影響的嶄新及/或既有方案之部分或全部融資或預先融資。</p>
<p>“Holding” 持股</p>	<p>Shares held in a single Share Class within the Investor's account 投資人帳戶裡的股份將持有於個別的股份類別。</p>
<p>“Institutional Investor” 法人機構投資人</p>	<p>as defined from time to time by the guidelines or recommendations of the competent Luxembourg financial supervisory authority within the meaning of article 174 of the Law of 17 December 2010. Please refer to “Share Classes” section for the list of qualifying Institutional Investors</p>

	<p>經盧森堡金融監督主管機關依據 2010 年 12 月 17 日的盧森堡法律有關集合投資事業的章節 174 之意義所提出的指南或建議事項中所定義的法人機構投資人（得隨時修改定義）。請參考“股份類別”章節的合格法人機構投資人列表。</p>
<p>"Intergovernmental Panel on Climate Change" 聯合國政府間氣候變遷專門委員會</p>	<p>the United Nations body created to provide regular scientific assessments on climate change, its implications and potential future risks, as well as to put forward adaptation and mitigation options 聯合國機構所創建針對氣候變遷及其影響與潛在的未來風險提供定期的科學評估，並提出適應和緩和方案。</p>
<p>"Investment Fund(s)" 投資基金</p>	<p>a UCITS or other UCI in which the Funds may invest, as determined in the investment restrictions described in Appendix B 本公司基金得投資的“合格從事可轉讓證券的集合投資事業”或其他“集合投資事業”由附錄 B 所述的投資限制決定之。</p>
<p>"Investment Managers" 投資經理公司</p>	<p>The companies appointed by the Management Company and which provides day-to-day management in respect of the investment and re-investment of the assets of the Funds. Where the Management Company does not delegate its investment management functions for one or more Funds, as reflected in the "Fund Information, Objectives And Investment Policies" section of the relevant Fund(s), references to the Investment Manager shall be construed as references to the Management Company (notably in relation to the fees to be levied by the Management Company for the performance of the investment management functions for the relevant Fund(s)).</p> <p>由管理公司指派之公司，其提供有關基金資產的投資與再投資的逐日管理。針對一檔或多檔基金，當管理公司未委任其投資管理職能時，如同相關基金於“基金資訊、目標及投資政策”章節所揭露，則於提到投資經理公司時，應解釋為係指提到管理公司（特別是有關管理公司就執行相關基金的投資管理職能所徵收的費用）。</p>
<p>"Investor" 投資人</p>	<p>a purchaser of Shares in the Company either directly or through a distributor subscribing for Shares in its own name and on behalf of the relevant underlying purchaser of Shares in the Company 直接或透過經銷商名義代表其名下相關之購買者成為本公司基金股份的購買者。</p>
<p>"Investor Portfolio" or sometimes referred to as "Portfolio" 投資人投資組合或投資組合</p>	<p>a portfolio of Holdings in the name of the registered Investor(s) 記名投資人持股的組合。</p>
<p>"Investor Portfolio Number" 投資人投資組合號碼</p>	<p>personal number attributed to an Investor Portfolio upon acceptance of an application 所受理申請書上之投資人投資組合的個人號碼。</p>
<p>"Interest Rate Differential" or "IRC" 利率差異</p>	<p>refers to the difference in interest rates between two similar interest-bearing currencies 表示二種相似生息貨幣之間的利率差異。</p>
<p>"ISIN Code" 國際證券識別編碼</p>	<p>International Securities Identification Number that uniquely identifies a Fund / Share Class 國際證券識別編碼其為獨一無二地辨識基金/股份類別的編碼。</p>
<p>"KIID" 重要投資人資訊文件</p>	<p>a Key Investor Information Document within the meaning of article 159 of the Law of 17 December 2010. For the avoidance of any doubt and where relevant, the</p>

	<p>references to KIID in this Prospectus shall be understood as references to the packaged retail and insurance-based investment products key information document (as defined in regulation 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products ("PRIIPs"))</p> <p>重要投資人資訊文件依 2010 年 12 月 17 日法律第 159 條之規定定義。為避免任何疑問和相關問題，本公開說明書引用自零售及保險投資產品重要資訊文件(定義詳見歐洲議會和理事會 2014 年 11 月 26 日關於零售及保險投資產品組合的重要資訊文件(PRIIPs)第 1286/2014 號條例。</p>
"Law of 17 December 2010" 2010 年 12 月 17 日法規	<p>Luxembourg Law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time</p> <p>2010 年 12 月 17 日的盧森堡法律為有關集合投資事業的規定，得視狀況隨時修訂。</p>
"Mainly" 大部分地	<p>please refer to the "primarily" definition below</p> <p>請參考下方“首要地”的定義</p>
"Management Company" 管理公司	<p>Franklin Templeton International Services S.à r.l. or, where relevant, the members of the Management Company's board of managers.</p> <p>富蘭克林坦伯頓國際服務有限公司，或是管理公司的董事會經理人之相關成員。</p>
"Mark-to-Market" 市值計價	<p>the valuation of positions at readily available closing prices that are sourced independently, including exchange prices, screen price, or quotes from several independent reputable brokers</p> <p>依獨立來源獲取之即時可得的收盤價，包括交易所的價格、屏幕顯示的價格，或幾家獨立信譽良好的經紀人提供的報價，對所持有的部位評價。</p>
"Mark-to-Model" 模型計價	<p>any valuation which is benchmarked, extrapolated or otherwise calculated from one or more market inputs</p> <p>從一個或多個市場數據進行基礎標準、推斷或以其他方式計算的任何評價。</p>
"Money Market Fund Regulation" or "MMFR" 貨幣市場基金管理規定	<p>Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds, as it may be amended or supplemented from time to time</p> <p>歐洲議會及理事會於 2017 年 6 月 14 日就貨幣市場基金所制定之第 2017/1131(EU)號規範，它可能不時修改或補充。</p>
"Money Market Fund" 貨幣市場型基金	<p>a Liquid Reserve Fund that complies with the CESR guidelines CESR/10-049 dated 19 May 2010</p> <p>遵守 2010 年 5 月 19 日歐洲證券監管機構委員會指南 CESR/10-049 的流動儲備型基金</p>
"Money Market Instruments" 貨幣市場工具	<p>instruments as defined in Article 2(1) of the UCITS Directive and as referred to in Article 3 of Commission Directive 2007/16/EC</p> <p>依照集合投資事業指令第 2(1)條，或參考理事會第 2007/16/EC 號指令第 3 條所定義的工具。</p>
"Multi-Asset Fund" 多重資產基金	<p>a Multi-Asset Fund typically invests in multiple types of assets, including but not limited to equities, debt securities, cash, real estate, commodities, etc.. The proportion of a Multi-Asset Fund invested in each type of asset (the asset allocation) may be fixed for some Funds and flexible for others. Where the asset allocation is flexible, the Investment Manager will make adjustments to the amount</p>

	<p>invested in each type of asset depending on its view of their future prospects</p> <p>多重資產基金一般投資在多種類型的資產，包括但不限於股票、債權證券、現金、不動產及商品等。多重資產基金投資在每個類型資產(資產配置)的比例，可能有些基金固定而其他基金有彈性。資產配置有彈性，投資經理公司將依照未來展望的觀點，調整投資在每一類型資產的金額。</p>
<p>"Net Asset Value per Share" or "NAV"</p> <p>每股淨資產價值 或 淨資產價值</p>	<p>the value per Share of any Class of Share determined in accordance with the relevant provisions described under the heading "Determination of Net Asset Value of Shares" or, if applicable, under the sub-section "Specific provisions relating to the calculation of the Net Asset Value per Share of Funds qualifying as Money Market Funds", as set out in Appendix D</p> <p>依照訂定於附錄 D“每股淨資產價值的判定”，或(如適用)依照“有關符合貨幣市場基金資格的每股淨資產價值計算的具體規定”所敘述的相關說明，而決定出來的任何股份類別的每股價值。</p>
<p>"OECD"</p> <p>經濟合作發展組織</p>	<p>Organisation for Economic Cooperation and Development</p> <p>經濟合作發展組織。</p>
<p>"Omnibus"</p> <p>綜合帳戶</p>	<p>an institution which holds assets within a Portfolio or holding for a number of underlying Investors</p> <p>法人機構在投資組合內持有的資產係為一些置於其名下的投資人所持有。</p>
<p>"P-chips"</p> <p>P 股</p>	<p>are incorporated outside of China and trade on the Hong Kong exchange. P chips are Nonstate-owned Chinese companies incorporated outside the mainland and traded in Hong Kong</p> <p>在中國境外註冊成立並在香港交易所交易。P 股是在中國大陸以外註冊成立並在香港交易的非國有中國公司。</p>
<p>"Paris Climate Agreement"</p> <p>巴黎氣候協定</p>	<p>landmark environmental accord that was adopted by nearly every nation in 2015 to address climate change and its negative impacts. The deal aims to substantially reduce global greenhouse gas emissions in an effort to hold the increase in the global average temperature to well below 2°C above pre-industrial levels, while pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.</p> <p>2015 年幾乎每個國家都採用了具有里程碑意義的環境協定，以處理氣候變遷及其負面影響。該協議旨在大幅度降低全球溫室氣體排放，以努力維持全球平均溫度的上升幅度控制在比工業化前水平高 2°C 以下，同時努力將溫度升高限制在工業化前水平以上 1.5°C。</p>
<p>"Physical Bearer Shares"</p> <p>實體無記名股份</p>	<p>Shares which historically were issued in non-registered form by the Company. Title to such Shares is given to the holder of the physical bearer Share certificate. The Company no longer issues Shares in physical bearer form. 過去本公司以非註冊形式所發行的股份。這類股份的所有權是給予實體無記名股份憑證的持有者。本公司不再以實體無記名方式發行股份。</p>
<p>"Primarily" or "principally" or "mainly"</p> <p>首要地、 主要地或 大部分地</p>	<p>when a Fund investment policy states that investments will be made "primarily" or "principally" or "mainly" in a particular type of security, or in a particular country, region or industry, it generally means that at least two-thirds of this Fund's total assets (without taking into account ancillary liquid assets) shall be invested into such security, country, region or industry</p> <p>當基金投資政策述明基金資產將“首要地”、“主要地”或“大部分地”投資於特定類型的證券，或是特定國家、區域或是產業時，其通常表示該基金總資產至少三分之二（在不考慮輔助流動資產下）將被投資於該特定證券、國家、區域或是產業。</p>

"Principal Distributor" 主辦承銷商	the Management Company acting as principal distributor of the Company. 由管理公司擔任本公司之主辦承銷商。
"Purchase" 申購	when the Prospectus states "purchase" or "how to purchase shares", it generally refers to a subscription of Shares 當公開說明書提及«申購»股份或«如何申購股份»時，通常指購買股份。
"QFI" 合格境外投資者	Qualified Foreign Investor (including qualified foreign institutional investors ("QFII") and Renminbi qualified foreign institutional investors ("RQFII") portfolio authorised by the China Securities Regulatory Commission of Mainland China to invest in the securities market of Mainland China 中國大陸證券監督管理委員會授權的合格境外投資者（包括合格境外機構投資者（“QFII”）和人民幣合格境外機構投資者（“RQFII”）投資組合，用於投資中國大陸的證券市場。
"Red-chips" 紅籌股	are incorporated outside of China and trade on the Hong Kong exchange. Red chips are usually controlled by the state or a province or municipality 在中國境外註冊成立並在香港交易所交易。紅籌股通常是由國家或省市所控管。
"Registrar and Transfer Agent" 註冊和股務代理機構	Virtus Partners Fund Services Luxembourg S.à.r.l, to whom the Management Company has delegated the registrar and transfer agency services in relation to the Company 管理公司已向 Virtus Partners Fund Services Luxembourg S.à.r.l 委託與公司有關的註冊及股務代理服務
"Regulated Market" 受管轄市場	a market within the meaning of point 21) of Article 4 of the Directive 2014/65/EC of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments or another regulated market, which operates regularly and is recognised and open to the public in an Eligible State 於 2014 年 5 月 15 日歐洲議會和理事會就 2014/65/EC 指令第 4 條第 21) 點，定義市場金融工具或受管轄市場。受管轄市場是指經常運作，並在符合條件的國家得到認可並且開放給大眾。
"repurchase agreements" 附買回交易	forward transactions at the maturity of which the Company (seller) has the obligation to repurchase the assets sold and the counterparty (buyer) the obligation to return the assets purchased under the transactions. 遠期交易，公司（賣方）有義務回購已售出的資產，交易對手（買方）有義務返還交易項下購買的資產。
"Residual Maturity" 剩餘到期日	the length of time remaining (in days) until the legal maturity of as security or asset 在證券或資產合法到期之前的剩餘時間（以天為單位）
"reverse repurchase agreements" 附賣回交易	forward transactions at the maturity of which the counterparty (seller) has the obligation to repurchase the asset sold and the Company (buyer) the obligation to return the assets purchased under the transactions 遠期交易，交易對手（賣方）有義務回購已售出的資產，公司（買方）有義務返還交易項下購買的資產
"RMB" 人民幣	the official currency of Mainland China – to be read as a reference to onshore Renminbi (CNY) and/or offshore Renminbi (CNH) as the context requires 為中國之官方貨幣，依內容所需，在境內被稱為 Renminbi(CNY)及/或在境外稱為 Renminbi(CNH)。

"Sale" or "to sell" 銷售或售出	when the prospectus states « a sale » of shares or « how to sell shares », it generally refers to a redemption of Shares 當公開說明書提及« 銷售 »股份或« 如何售出股份 »時，通常指贖回股份。
"SARON" 瑞士隔夜平均利率	Swiss Average Rate Overnight 瑞士隔夜平均利率
"Sustainable Development Goals ("SDG") bond" 永續發展目標債券	are debt instrument where the coupon payable by the bond issuer is linked to achieving targets against specific SDG outcomes 一種債務工具其債券發行人應付票息與實現特定永續發展目標成果相連結。
"SFDR" 永續金融揭露規範	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector 2019年11月27日歐洲議會和理事會第2019/2088號規則有關金融服務業在永續性相關的揭露規定。
"securities lending" “證券借貸”	a transaction whereby securities are transferred on a temporary basis from a lender to a borrower with the latter obliged to return the securities either on demand or at the end of a specific period. 一種將證券從貸方臨時轉讓給借方的交易，借方有義務在要求時或在特定期限結束時歸還證券。
"SICAV" 合法的可變動資本額 投資公司	Société d'Investissement à Capital Variable 合法的可變動資本額投資公司。
"Share" 股份	a Share of any Share Class in the capital of the Company 任何股份類別的股份為本公司的資本。
"Share Class" 股份類別	a class of Shares with a specific fee structure, currency of denomination or other specific feature 股份類別具有特定的費用架構、計價幣別或其他的具體特點。
"Shareholder" 股東	a holder of Shares in the Company 本公司股份的持有人。
"Short-Term Variable Money Market Fund" 短期可變資產淨值貨幣 市場基金	a Money Market Fund that (i) invest in Money Market Instruments referred to in Article 10 (1) of the MMFR, (ii) is subject to the portfolio rules set out in Article 24 of the MMFR and (iii) complies with the specific requirements laid down in Articles 29, 30 and 33 (1) of the MMFR 指貨幣市場基金(i)投資於貨幣市場基金管理規定(MMFR)第10(1)條所述的貨幣市場工具，(ii)須遵守貨幣市場基金管理規定(MMFR)第24條所制定的投資組合規範，(iii)符合貨幣市場基金管理規定(MMFR)第29,30及33(1)條所要求之具體規範。
"Social bond" 社會影響債券	a debt instruments whose proceeds will be used for partial or full financing or pre-financing of new and / or existing projects that provide clear social benefits 一種債務工具，其收益將被清楚用於社會福祉的嶄新及/或既有方案之部分或全部融資或預先融資。
"SOFR" 擔保隔夜融資利率	Secured Overnight Financing Rate 擔保隔夜融資利率

"SONIA" 英鎊隔夜拆款平均利率	Sterling Overnight Index Average 英鎊隔夜拆款平均利率
"Sum of Notionals" 名日本金總額	<p>a measure of the level of leverage as calculated by taking the sum of notionals of all financial derivative contracts entered into by the Fund expressed as a percentage of the Fund's Net Asset Value. The Global Exposure to the underlying investment(i.e. the 100% of Global Exposure represented by actual net assets) is not included in the calculation, only the incremental Global Exposure from the financial derivative contracts being taken into account for the purpose of calculation of the Sum of Notionals.</p> <p>This methodology does not:</p> <ul style="list-style-type: none">- make a distinction between financial derivative instruments that are used for investment or hedging purposes. As a result strategies that aim to reduce risk will contribute to an increased level of leverage for the Fund;- allow the netting of derivative positions. As a result, derivative roll-overs and strategies relying on a combination of long and short positions may contribute to a large increase of the level of leverage when they do not increase or only cause a moderate increase of the overall Fund risk;- take into account the derivative underlying assets' volatility or make a distinction between short-dated & long-dated assets;- consider the delta for option contracts, so there is no adjustment for the likelihood that any option contract will be exercised. As a result, a Fund that has out of the money option contracts that are not likely to be exercised will appear to have the same leverage as a Fund with comparable figures for sum of notionals where the option contracts are in the money and are likely to be exercised, even though the potential leveraging effect of out of the money options tends to increase as the price of the underlying asset approaches the strike price, then tends to dissipate as the price of the underlying rises further and the contract goes deep into the money <p>槓桿水準的衡量方式係採用本基金所持有之所有衍生性金融商品契約的名日本金總額佔本基金淨資產價值比率的計算方式所表達。投資標的的全球曝險(如 100%全球曝險由實際淨資產所表達)並不包括在計算內，為計算名日本金總額，僅考慮衍生性金融商品契約的增額全球曝險。</p> <p>本方法不會：</p> <ul style="list-style-type: none">- 區分持有衍生性金融商品之目的為投資或避險。因此，以降低風險為目標的投資策略，將使本基金之槓桿水準增加。- 允許沖抵衍生性商品部位。因此，重購衍生性商品或投資策略為結合長期或短期部位，在不會或僅適度增加本基金整體風險時，會使槓桿水準大幅度的增加。- 考量衍生性商品標的資產之波動性或區分短天期或長天期之資產。考量選擇權契約之 delta 值，因此，持有可能不會執行之價外選擇權契約的基金將與持有可能會執行之價內選擇權契約的基金，在名日本金總額法下，有相同的槓桿，即使價外選擇權的潛在槓桿效果大多會隨著標的資產價格接近履約價格時增加，而當標的資產價格進一步上漲致使選擇權契約深度價內時，將逐漸消失。
"Sustainability bond" 永續債券	<p>a debt instrument whose proceeds will be exclusively applied to finance or re-finance new and / or existing projects that provide a combination of environmental and social benefits</p> <p>一種債務工具，其收益將被專門用於嶄新及/或既有方案之融資或再融資以提供結合環境及社會福祉的有益影響。</p>

"Sustainability-linked bond" 永續連結債券	a debt instrument bonds contributing to financing the issuer's strategy towards achieving predefined sustainability objectives within a set timeline 一種債券工具，其融資予發行公司的政策在設定期限向達成預先定義的永續目標。
"Taxonomy Regulation" 《永續經濟活動分類規則》	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, as may be amended from time to time 歐洲議會和理事會於 2020 年 6 月 18 日頒布的 (EU) 2020/852 條例，關於建立促進永續投資的框架，以及可能會不時修訂的條例 (EU) 2019/2088。
"Third Country" 第三方國家	member countries of the Organisation of Economic Co-operation and Development ("OECD") that meet the credit quality criteria of the investment policy of the Funds that qualify as Money Market Funds 經濟合作發展組織（“OECD”）的成員國，基金的投資政策符合貨幣市場基金的信用品質標準。
"Third Party Payment" 第三方款項	payments received from, or made by/to, a party other than the registered Investor 收取的款項來自，或是款項的給付方/支付方，為無關記名投資人的一方。
"TONAR" 東京隔夜平均利率	Tokyo Overnight Average Rate 東京隔夜平均利率
"UCI" or "other UCI" 集合投資事業 或 其他集合投資事業	Undertaking for Collective Investment within the meaning of Article 1, paragraph (2), point a) and b) of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended 2009 年 7 月 13 日歐盟議會和理事會指令 2009/65/EC 中章節 1 第二段 a) 及 b) 點及其後之修訂所定義之集合投資事業。
"UCITS" 合格從事可轉讓證券的 集合投資事業	Undertaking for Collective Investment in Transferable Securities authorised according to Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended 依照 2009 年 7 月 13 日歐盟議會和理事會指令 2009/65/EC 所授予得合格從事可轉讓證券的集合投資事業。
"UCITS Directive" 合格從事可轉讓證券的 集合投資事業指令	means Directive 2009/65/EC on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as amended by Directive 2014/91/EU 表示 2009/65/EC 指令在協調有關合格從事可轉讓證券的集合投資事業的法令、法規以及行政規定，已修訂於 2014/91/EU 指示。
"USA" or "US" 美國	United States of America 美利堅合眾國。
"Valuation Day" or "Pricing Day" 評價日 或 報價日	any day on which the New York Stock Exchange ("NYSE") is open or any full day on which banks in Luxembourg are open for normal business (other than during a suspension of normal dealing). With respect to the Franklin Japan Fund, Templeton All China Equity Fund and Templeton China A-Shares Fund, the Management Company may also take into account whether relevant local stock exchanges and/or Regulated Markets which are the principal markets for a significant portion of the investments attributable to the Franklin Japan Fund, Franklin Sealand China A-Shares Fund, Templeton All China Equity Fund and Templeton China A-Shares Fund are closed for trading, and may elect to treat

	<p>such closures as non-Valuation Days for these Funds. Further information on the applicable Valuation Days for the Funds can be found on the website: http://www.franklintempleton.lu</p> <p>紐約證券交易所（“NYSE”）開門營業的任何日期或是盧森堡銀行開門正常營業的任何日期（正常交易暫停期間除外）。對於富蘭克林坦伯頓日本基金、(略)及(略)，管理公司亦可考慮作為富蘭克林坦伯頓日本基金、(略)、(略)及(略)有顯著投資部位的主要市場之相關當地證券交易所以及/或受管轄市場是否關閉交易，並且可選擇將這些休市的日期視為這些基金的無報價日。有關本基金適用的報價日的額外資訊可在網站查詢：http://www.franklintempleton.lu</p>
<p>"Value-at-Risk (VaR) approach" 風險值法</p>	<p>an approach for measuring risk or "Global Exposure" based on Value-at-Risk or VaR, which is a measure of the maximum potential loss that can arise at a given confidence level over a specific time period under normal market conditions. VaR may be expressed in absolute terms as a currency amount specific to a portfolio, or as a percentage when the currency amount is divided by total net assets. VaR may also be expressed in relative terms, where the VaR of the Fund (expressed in percentage terms) is divided by the VaR of its relevant benchmark (also expressed in percentage terms), generating a ratio known as relative VaR. Under Luxembourg Law absolute VaR limits are currently 20% of total net assets and relative VaR limits are currently twice or 200% of the benchmark VaR</p> <p>為衡量風險的方法或在風險值法下計算全球曝險，即於正常的市場狀況下，在特定的信心水準於特定時間內出現的最大潛在損失。風險值可能以絕對關係表示，如一個具體投資組合的貨幣金額，或是以貨幣金額除以總淨資產的百分比。風險值也得以相對關係表示，在此基金的風險值（以百分比方式表示）除以其對應指標的風險值（也以百分比方式表示），所產生的比率即所謂的相對風險值。在盧森堡法律下，目前對絕對風險值之限制為全部淨資產價值的 20%，而相對風險值目前則為比較基準風險值的兩倍或 200%。</p>
<p>"Weighted Average Life" 加權平均餘年</p>	<p>the average length of time to legal maturity of all of the underlying assets in the Money Market Fund reflecting the relative holdings in each asset</p> <p>貨幣市場基金中所有相關資產距離法定到期日的平均時間長度，反應每種資產的相對持有量。</p>
<p>"Weighted Average Maturity" 加權平均到期日</p>	<p>the average length of time to legal maturity or, if shorter, to the next interest rate reset to a money market rate, of all of the underlying assets in the Money Market Fund reflecting the relative holdings in each asset</p> <p>法定到期日的平均時間長度，或者，如果更短，到貨幣市場利率的下一期利率重置，貨幣市場基金的所有相關資產反應每種資產的相對持有量。</p>

除非另有標示，本文件的所有參考資料的時區為中部歐洲時間。
名詞定義以單數字表示時，在符合內文文法時亦得使用複數字，反之亦然。

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基金資訊、目標及投資政策

本公司致力於提供投資人一系列以全球為基礎廣泛地投資於可轉讓證券與其他合適資產並且著眼予多重投資標的之基金選擇：包括資本成長及收益。本公司的總體目標是經由多樣化策略尋求降低投資風險並且提供投資人分享由富蘭克林坦伯頓基金集團旗下公司根據其久經時間考驗的成功投資選股方法所經理的投資組合利益。

詳細說明列於附錄 D，各基金應獨立負擔其自有資產與負債。

在本公司所有投資限制的規範（請參詳附錄 B 完整敘述）之內，基金（貨幣市場基金除外，請參詳附錄 B 第 5 節所詳述的具體限制）可能投資於“預期發行”（when-issued）證券而借出其投資組合證券和借款。

再者，遵照明訂的投資限制，本公司可能為求投資組合管理效率（貨幣市場基金除外）以及/或是為規避市場或貨幣風險，在相關的個別基金從事投資金融衍生性工具。

此外，本公司有可能為其不同基金而採行符合基金投資目標的避險政策而運用，例如：貨幣期貨選擇權、遠期契約和期貨契約以尋求保護以及提昇資產價值。

在適用的法律以及法規允許的範圍內，基金為任何目的運用金融衍生性商品的基礎必須僅包括基金可根據其特定的投資目標和政策以及適用的投資限制進行投資之合格工具、金融指數、利率、匯率或貨幣。

為避免疑慮，貨幣市場基金僅能投資於金融衍生性工具以規避其利率或匯率風險。

當基金投資政策述明基金資產將“首要地”、“主要地”或“大部分地”投資於特定類型的證券，或是特定國家、區域或是產業時，其通常表示該基金至少三分之二的總資產（在不考慮輔助流動資產下）將被投資於該特定證券、國家、區域或是產業。

每檔基金得持有最多 20% 的淨資產於輔助流動性資產（亦即銀行即期存款，例如：將現金存放於得隨時提存的銀行活期帳戶）以應對負面的市場、經濟、政治或其他狀況，或者是滿足流動性、贖回和短期投資的需求。在臨時基礎上，如果遇值市場狀況異常不利時，每檔基金得依股東最大利益而採行持有最多 100% 的淨資產於輔助流動性資產之措施，以降低這類特殊市場狀況的風險。

除非特定基金的投資政策另有規定，任何基金也得依其適用的投資限制，為實現其投資目標和財務目的，投資於銀行存款、貨幣市場工具或貨幣市場基金。

出於防禦目的，本基金可臨時將其最多 100% 的淨資產投資於這些工具。

當基金得投資於總報酬互換交易或是其他具有相似特性的金融衍生性商品時，將在個別相關基金的投資政策裡說明其標的資產及投資策略將增添的曝險。

管理公司及個別相關投資經理公司有義務服膺下列投資目標和政策所述之約束。

永續投資

管理公司已在其投資決策過程中實施有關整合永續發展風險的政策。管理公司及/或投資經理公司將永續發展風險和機會整合到他們的研究、分析及投資決策過程裡。

永續發展風險如“風險考量”章節所進一步描述的是指環境、社會或治理事件或條件，如果發生，可能會潛在或實際上對基金投資的價值造成重大的負面影響。永續發展風險既可以代表其自身的風險，也可以對其他風險產生影響，並且可能促成對諸如市場風險、運營風險、流動性風險或是交易對手風險的重大影響。

為了增強投資人的長期風險調整後收益並確定特定基金的政策風險和機會，永續發展風險是需要考慮的重要因素。目前，本公司所有基金的確將永續發展風險納入其投資決策過程。永續發展風險的整合可能會根據基金的政策、資產及/或投資組合的組成而有所不同。管理公司及/或相關的投資經理公司將善用特定的方法與資料庫其為來自外部研究公司的環境、社會和公司治理（ESG）資料與自行的研究結果。對永續發展風險的評估是複雜的，並且可能基於ESG資料難以取得與不完整、預估、過時或存在其他實質性錯誤。即使被識別，也不能保證這些資料將被正確評估。

如果發生永續發展風險，或是以管理公司及/或相關投資經理公司/投資經理公司的模型未預期的方式發生，則可能會對投資價值及進而對基金的淨資產價值產生突然的、重大的負面影響。除非認為永續發展風險與特定基金無關，否則在此情況下可以在基金的特定章節找到進一步的說明，這類負面影響可能會導致相關投資的全部價值虧損，並可能對基金的淨資產價值具有同等的負面影響。

《永續經濟活動分類規則》最初的應用僅限於六個環境目標中的兩個——緩解氣候變化和適應氣候變化，正如《永續經濟活動分類規則》所定義的那樣。

除非在下面基金的特定小節中另有說明，否則基金的投資不考慮歐盟對環境永續經濟活動的標準，包括《永續經濟活動分類規則》所指的授權或過渡活動。

有關實施《SFDR》以及各基金遵守《SFDR》第8條或第9條的ESG方法的更具體資訊，可在網站上根據基金各自的“揭露SFDR”查閱：

www.franklintempleton.lu/our-funds/investment-topics-in-focus/sustainable-finance-disclosure-regulations。

除非在附錄G被特別提及之基金，對各個受《SFDR》第8條或第9條約束的基金，管理公司正整合對ESG因素的主要不利影響（“PAIs”）的考慮納入投資決策過程。為免生疑慮，PAIs並不適用於所有基金，因為收集和驗證PAIs數據涉及實質性的成本，其間接影響最終投資者和被投資公司需要產生這些數據。管理公司尚不認為此類成本是正當的且符合投資者的最佳利益。有關考量PAIs的更多資訊，請參閱官方網站<https://www.franklintempleton.lu/about-us/sustainable-investing>的文件“關於《SFDR》企業層級在i) 永續風險的整合以及ii) 不考慮PAIs”的聲明。

生技領航基金 〔 Franklin Biotechnology Discovery Fund 〕

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金之投資目標在於資本增值。

投資政策：

本基金主要投資位於美國以及其他國家的生物科技公司以及發現研究公司（包括小型至中型公司）之股權證券，以及小部份延伸投資位於全球各地公司所發行的各種債權證券。

就本基金的投資目標而言，所謂生物科技公司是指公司最近會計年度至少 50% 的盈餘來自於生物科技活動成果，或是至少 50% 的淨資產投注於生物科技活動。生物科技活動為研究，發展，製造以及銷售各種生物科技或生物醫學的產品，服務和過程。這可能包括公司從事於遺傳，基因工程或基因治療。也可能包括公司從事於生物科技在健康保健，製藥和農業領域的應用與發展。

由於投資經理公司認為環境、社會和公司治理 (ESG) 因素會對公司當前和未來的企業價值產生重大影響，因此 ESG 考慮因素是其基本投資研究和決策過程中不可或缺的組成部分。本基金所提倡的環境及/或社會特徵（在《SFDR》第 8 條含義內），詳見 [附錄 G]。

本基金延伸投資於債權證券，所購買的證券通常被評比為投資等級或是未經評比但經判定為品質等級相當的證券。證券等級由專業獨立信評機構評比：例如：標準普爾公司或慕迪投資人服務公司，所評選的前四位評比種類是屬於投資等級的債權證券。

在正常狀況預測下，雖然本基金可能超過 50% 的淨資產投資是在非美國證券上，但本基金在美國的淨資產投資比重將超過任何其他單一國家。

根據投資限制，本基金也可將 (i) 最多 5% 的淨資產投資於私人公司發行的證券和私募投資公開股權 (PIPE) 以及 (ii) 最多 5% 的淨資產投資於特殊目的收購公司 (SPACs)，前提是預期的 PIPE 和 SPAC 符合 2010 年 12 月 17 日法律第 41 條第 (1) 或 (2) a) 款規定的可轉讓證券。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 投資於符合歐盟永續金融揭露規範(SFDR)第 8 條的基金。
- 尋求藉由股票投資達到資本增值之投資人。
- 尋求對於美國與全世界的生物科技產業的投資機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 集中風險
- 外幣風險
- 市場風險
- 證券借貸風險

與本基金相關的其他風險：

- 交易對手風險
- 債權證券風險

- 股票風險
- 流動性風險
- 私募投資公開股權(PIPEs)風險
- 私人公司風險
- 中小型公司風險
- 特殊目的收購公司風險(SPACs risk)
- 永續發展風險

全球曝險：

採用承諾法計算本基金的全球曝險。

投資經理公司：

富蘭克林顧問公司 (Franklin Advisers, Inc.)

費用揭露：

請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

歐洲非投資等級債券基金（原名為：歐洲高收益基金）（本基金之配息來源可能為本金）

[Franklin Euro High Yield Fund]

資產類別：固定收益型基金

基本計價幣別：歐元

投資目標：本基金之投資目標在於獲取高水平的當期收益。次要投資目標在於追求長期資本增值，但前提是要能與首要投資目標相一致。

投資政策：

為尋求達成這些投資目標，本基金主要直接或是透過運用金融衍生性商品來投資於歐洲或非歐洲發行的固定收益債權證券。本基金將配置至少 75% 於固定收益證券。這些金融衍生性商品得包括各種互換交易，例如信用違約互換或總報酬互換交易、遠期交易、期貨契約以及上述各種於受管轄市場或櫃檯買賣市場交易之契約的選擇權等。本基金得為避險、效率投組管理以及投資目的而運用金融衍生性商品。本基金主要投資於歐元或非歐元計價的歐元避險工具，非投資等級的固定收益債權證券，或是未經評比的同等標的。投資經理公司試圖藉由運用發行公司的獨立信評以及將基金投資於不同的發行公司以達到多樣化去規避掉超額風險。

本基金採用環境、社會和公司治理 (ESG) 評級方法，以評估可能成為基金潛在投資的證券。本基金所提倡的環境及/或社會特徵（在《SFDR》第 8 條含義內），詳見 [附錄 G]。

由於在投資目標較易因靈活及應變的投資政策而達成時，本基金也可能暫時採輔助基礎方式，在其他種類的歐元計價之證券，例如：政府證券、特別股、普通股以及其他權益連結證券、權證和證券可轉換成普通股等，尋求投資機會。本基金可能投資不超過 10% 的淨資產於與信用連結之證券，因此投資經理公司可能以更快速且具效率的方式投資在某些非投資等級、銀行借貸和投資等級以上之債券。本基金也可能投資不超過淨資產的 10% 於違約證券。此外，本基金亦可輔助投資於可轉換證券及或有可轉換證券（或有可轉證券的投資不超過基金淨資產的 5%）¹。

基金名稱亦反映了本基金是以歐元為基本計價幣別，但是並不必然意味本基金有任何特定部位的淨投資資產是為歐元。

本基金也得分派資本、已實現和未實現淨資本利得，以及未扣減費用之收益，其得允許較多的收益被分配而可能也有減少本金的影響。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 投資於符合歐盟永續金融揭露規範(SFDR)第 8 條的基金。
- 尋求藉由投資歐元計價之高殖利率固定收益證券與歐元計價基金，來達成獲得高收益，其次為一些資本增值機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 集中風險
- 交易對手風險
- 信用風險

¹ 自 2023 年 3 月 9 日起，最後一句修訂為：「此外，本基金亦可輔助投資於可轉換證券及或有可轉換證券（或有可轉換證券的投資不超過基金淨資產的 10%）。」

- 債權證券風險
- 衍生性金融商品風險
- 流動性風險
- 市場風險

與本基金相關的其他風險：

- 可轉換及混合證券風險
- 信用連結證券風險
- 配息政策風險
- 浮動利率公司債投資風險
- 外幣風險
- 重整公司風險
- 證券借貸風險
- 證券化風險
- 永續發展風險
- 互換交易協定風險
- 認股權證風險

全球曝險：

採用承諾法計算本基金的全球曝險。

投資經理公司：

富蘭克林坦伯頓投資管理公司 (Franklin Templeton Investment Management Limited) 以及富蘭克林顧問公司 (Franklin Advisers, Inc.) 共同管理

費用揭露：

請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

波灣富裕債券基金(本基金有相當比重投資於非投資等級之高風險債券 且基金之配息來源可能為本金)

[Franklin Gulf Wealth Bond Fund]

資產類別：固定收益型基金

基本計價幣別：美元

投資目標：本基金的主要投資目標是透過審慎的投資管理，追求長期利息收益、資本增值及匯兌收益所組成的總投資報酬極大化。

投資政策：

本基金為尋求達成其投資目標主要投資於波灣國家合作理事會(Gulf Cooperation Council, 簡稱GCC)成員國家之政府或政府相關或企業發行的固定或浮動利率債權證券及債權憑證的投資組合。本基金也可能投資中東北非的其他國家，以及由多國政府組成的超國際機構債券，例如國際復興開發銀行所發行的固定或浮動利率債權證券及債權憑證。

本基金得為避險、效率投資組合管理以及/或是投資目的而運用金融衍生性商品。這些金融衍生性商品得於受管轄市場或櫃檯買賣市場交易，可能包括尤其是互換交易(例如信用違約互換交易或總報酬互換交易)、遠期交易和交叉遠期交易、期貨契約(包括政府證券的期貨契約)以及選擇權。使用金融衍生性商品可能導致在特定收益曲線/存續期間、貨幣或是信用的負曝險部位。

在符合投資限制下，本基金可能投資於有價證券，或是證券連結或其價值來自任何國家的特定證券、資產或貨幣的結構型產品。結構型產品包括伊斯蘭債券，例如伊斯蘭債-租賃型(Ijara)、代理型(Wakala)、成本加利潤銷售型(Murabaha)、盈利分享型(Mudharabah)、合夥型(Musharaka)或是任兩個架構的組合(混合型伊斯蘭債券)，在正常情況下的投資部位可能佔基金淨資產的10%-30%。本基金也可能投資於抵押貸款證券、資產擔保證券、可轉換債券和或有可轉換證券²。

本基金可能投資於GCC國家所發行投資等級或非投資等級的債券，亦包含違約證券。本基金可以投資於以任何幣別計價的固定收益證券及債權憑證，亦得持有由特別股或債權憑證轉換或交換而得來之股票。

本基金也得分派資本、已實現和未實現淨資本利得，以及未扣減費用之收益，其得允許較多的收益被分配而可能也有減少本金的影響。

總報酬互換交易曝險：

可能受總報酬互換交易(非融資性)影響之期望曝險水準相當於基金淨資產的20%，最高不超過40%。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的5%，最高不超過50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資於GCC、中東北非國家債券，來達成結合利息收益、資本增值與匯兌收益的總投資報酬之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

² 自2023年3月9日起，本句修訂為：「本基金也可能投資於抵押貸款證券、資產擔保證券、可轉換債券和或有可轉換證券(或有可轉換證券的投資不超過基金淨資產的10%)。」

- 信用風險
 - 債權證券風險
 - 新興市場風險
 - 市場風險
- 與本基金相關的其他風險：
- 股份等級避險風險
 - 可轉換及混合證券風險
 - 交易對手風險
 - 信用連結證券風險
 - 衍生性金融商品風險
 - 配息政策風險
 - 外幣風險
 - 流動性風險
 - 證券借貸風險
 - 證券化風險
 - 結構型商品風險
 - 伊斯蘭債券投資風險
 - 互換交易協定風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林坦伯頓投資(中東)公司(Franklin Templeton Investments (ME) Limited)。

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

吉富世界基金 [Franklin Global Growth Fund]

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金之投資目標在於追求資本增值。

投資政策：

本基金為尋求達成其投資目標，藉由投資於全球股票以及股票相關之可轉讓證券(包含股權連結債券，如參與憑證)。本基金可能隨時依投資經理公司依據這些市場的狀況及前景，而調整不同區域以及市場的投資比重。本基金也為了避險以及效率投資組合管理投資於金融衍生性商品工具，可能包括尤其是互換交易(例如：信用違約互換交易)、遠期交易、期貨契約，以及各種於受管轄市場或櫃檯買賣交易之契約的選擇權。

本基金的投資經理公司運用有紀律、由下而上的投資方法，尋找具有吸引力、預期收入和收益增長高於同類型公司的投資機會。投資經理公司採取成長型投資風格和深入的基本面研究來尋找橫跨所有產業，並能提供最具吸引力的成長、品質及評價組合之可持續經營模式的高品質公司。基金投資於已開發和新興市場中的股權證券，一般投資於市值在 20 億美元左右或以上的公司。本基金也可投資不超過其淨資產的 10% 於可轉讓證券集體投資企業(UCITS)及其他 UCIs 所發行的單位。

本基金可能將總金額不超過其淨資產之 10% 投資在中國 A 股(透過滬港通或深港通)及中國 B 股。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資全球已開發以及新興市場，橫跨不同產業及市值，且能夠歷經景氣循環周期表現超越市場的公司證券，來達成資本增值機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 新興市場風險
- 外幣風險
- 流動性風險
- 市場風險

與本基金相關的其他風險：

- 中國市場風險
- 交易對手風險
- 衍生性金融商品風險
- 股票風險
- 未受管轄市場風險
- 參與憑證風險
- 證券借貸風險
- 中小型公司風險
- 互換交易協定風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林坦伯頓法人機構公司 (Franklin Templeton Institutional, LLC)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

全球房地產基金（本基金之配息來源可能為本金） 〔Franklin Global Real Estate Fund〕

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金之投資目標在於收益與資本增值之總投資報酬極大化。

投資政策：

投資經理公司藉由投資於不動產投資信託基金（Real Estate Investment Trusts, REITs）以及其他位於世界各地（包括新興市場）主要業務為從事融資、買賣、持有、開發和管理不動產業務的不動產及不動產相關業務公司（包括小型到中型公司）來尋求達成其投資目標。“不動產投資信託基金”是以公司股份形式在證券交易所掛牌上市，其將顯著部位淨資產直接投資於不動產相關資產則得以享有特殊優惠稅制。本基金的這些投資係為符合規範的可轉讓證券。本基金尋求投資的公司標的係跨越廣泛的不動產業業以及國家。

本基金也得為貨幣避險以及效率投組管理（例如但不限定於遠期交易和交叉遠期交易、利率期貨、互換交易以及選擇權）而運用各種不同的金融衍生性商品。

本基金也得分派資本、已實現和未實現淨資本利得，以及未扣減費用之收益，其得允許較多的收益被分配而可能也有減少本金的影響。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的5%，最高不超過50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資廣泛不動產業業及國家的公司達成股利收益及資本增值機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 外幣風險
- 集中風險
- 流動性風險
- 市場風險
- 實體資產風險

與本基金相關的其他風險：

- 股份等級避險風險
- 交易對手風險
- 衍生性金融商品風險
- 配息政策風險
- 新興市場風險
- 股票風險
- 證券借貸風險
- 中小型公司風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林坦伯頓法人機構公司（Franklin Templeton Institutional, LLC）

費用揭露：請參閱附錄E有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

公司債基金（本基金主要係投資於非投資等級之高風險債券且基金之配 息來源可能為本金）

〔Franklin High Yield Fund〕

資產類別：固定收益型基金

基本計價幣別：美元

投資目標：本基金之投資目標在於獲取高水平的當期收益。次要投資目標在於追求長期資本增值，但前提是要能與首要投資目標相一致。

投資政策：

為尋求達成這些投資目標，本基金主要直接或是透過運用金融衍生性商品來投資於美國或非美國發行的固定收益債權證券。本基金將配置至少75%於固定收益證券。本基金得為避險、效率投組管理以及投資目的而運用金融衍生性商品。這些金融衍生性商品得包括（除了其他商品以外）各種互換交易，例如信用違約互換或總報酬互換交易、遠期交易、期貨契約以及上述各種於受管轄市場或櫃檯買賣市場交易之契約的選擇權等。本基金一般投資於在美國發行之任何等級（包括非投資等級證券）的固定收益債權證券，或是非美國發行或未經評等但等級相當之標的。投資經理公司試圖藉由運用發行公司的獨立信評以及將基金投資於不同的發行公司以達到多樣化去規避掉超額風險。

由於在投資目標較易因靈活及應變的投資政策而達成時，本基金也可能暫時採輔助基礎方式，投資於其他種類的證券，例如：政府證券、特別股、普通股以及其他股權連結證券、權證和可轉換成普通股的證券和債券等，以尋求投資機會。本基金可能投資不超過10%的淨資產於與信用連結之證券，因此投資經理公司可能以更快速且具效率的方式投資在某些非投資等級、銀行借貸和投資等級以上之債券。本基金也可能投資不超過淨資產的10%於違約證券。

本基金也得分派資本、已實現和未實現淨資本利得，以及未扣減費用之收益，其得允許較多的收益被分配而可能也有減少本金的影響。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的5%，最高不超過50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資美國或非美國發行公司所發行之高殖利率固定收益證券之投資機會而獲得高收益，其次獲得一些資本增值之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 交易對手風險
- 信用風險
- 債權證券風險
- 衍生性金融商品風險
- 流動性風險
- 市場風險

與本基金相關的其他風險：

- 股份等級避險風險
- 可轉換及混合證券風險
- 信用連結證券風險
- 配息政策風險
- 浮動利率公司債投資風險

- 外幣風險
- 重整公司風險
- 證券借貸風險
- 互換交易協定風險
- 認股權證風險

全球曝險：

採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林顧問公司 (Franklin Advisers, Inc.)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

穩定月收益基金（本基金有相當比重投資於非投資等級之高風險債券且 基金之配息來源可能為本金） 〔Franklin Income Fund〕

資產類別：平衡型基金

基本計價幣別：美元

投資目標：本基金之投資目標在於維持資本增值的前提下追求收益極大化。

投資政策：

本基金投資於多樣化的可轉讓證券投資組合：包含股權證券以及長短期債權證券。股權證券通常賦予持有人參與公司的一般營運成果：包括普通股，特別股、可轉換證券以及股權連結證券。債權證券代表發行公司有義務償還貸款本金而且通常會支付利息。債權證券包括債券，短票以及公司債券。

為尋求績效成長的機會，本基金投資於多種產業，例如：公用事業、石油、瓦斯、不動產以及消費產品業的公司普通股。本基金藉由投資在公司債、外國公司債或美國國庫券以及具有誘人配息收益的股票，以尋求收益。本基金可能會投資非投資等級的債權證券。由專業獨立信評機構，例如：標準普爾公司或慕迪投資人服務公司，所評選的前四位評比種類是屬於投資等級的債權證券。本基金投資的證券評比通常至少為慕迪的 CAA 或標準普爾的 CCC 以上等級，或是未經評比但經本投資經理公司判定為相當的品質等級。通常較低評比的證券比較高評比的證券提供較高的收益以補償投資人所承受較高的風險。進一步詳細說明在“風險考量”章節裡。

本基金將不超過淨投資資產的 25% 投資於非美國證券。平常所購買的非美國證券是在美國有交易市場，或者是通常由銀行及信託公司所發行的美國存託憑證，給予持有人獲得由美國或非美國發行公司所發行的證券的權利。

投資經理公司找尋被低估或是不被看好，但認為其能夠提供今日的收益機會以及明日的顯著成長的證券。投資經理公司運用獨立分析考量投資組合中的證券，而非主要依賴信評機構所給予的評比。在投資經理公司的分析下，考量許多的要素，包括：

- 公司的經歷以及管理優勢；
- 對利率及市場狀況變動的回應性；
- 債務到期時間表以及借貸條件要求；
- 公司的財務狀況變動以及市場認知的變動；以及
- 證券的相對價值其建構於如下要素：預期現金流量、利息、配息範圍、資產範圍以及獲利前景。

本基金得為避險、效率投資組合管理以及投資目的而運用金融衍生性商品。這些金融衍生性商品可能包括但不限於互換交易(例如固定收益相關以及股權相關的總報酬互換交易)、遠期交易、期貨契約以及選擇權。在這種情況下，本基金可能因運用金融衍生性商品、現金結算結構式商品或固定收益證券，當其連結或其價值源自其他參考資產，而曝險於商品或指數股票型基金。

當投資經理公司認為證券交易市場或基金所投資的國家正處在經濟過度浮動或是拖延的一般性衰退，或存在其他的不利狀況時，將暫時採取防禦部位操作。在前述的狀況下，本基金將無法追求其投資目標。

本基金也得分派資本、已實現和未實現淨資本利得，以及未扣減費用之收益，其得允許較多的收益被分配而可能也有減少本金的影響。

總報酬互換交易曝險：

可能受總報酬互換交易(非融資性)影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 10%。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資單一基金即可得到股票與固定收益證券兩種投資組合而獲得高收益與一些資本增值之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 交易對手風險
- 信用風險
- 債權證券風險
- 衍生性金融商品風險
- 市場風險

與本基金相關的其他風險：

- 股份等級避險風險
- 可轉換及混合證券風險
- 配息政策風險
- 外幣風險
- 流動性風險
- 證券借貸風險
- 證券化風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林顧問公司 (Franklin Advisers, Inc.)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

印度基金 〔 Franklin India Fund 〕

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金之投資目標在於追求資本增值。

投資政策⁴：

本基金主要投資於股權證券，包括：普通股、特別股或是可轉換成普通股的證券，以及認股權證、參與憑證與存託憑證，其為(i)註冊於印度的公司，(ii)主要部分業務在印度營運的公司，以及(iii)控股公司持有主要部分參與權於(i)及(ii)所述之公司，前三者所遍及之整個市場資本規模範圍從小型資本公司到大型資本公司。

此外，本基金也會於上述公司所發行的固定收益證券以及貨幣市場工具尋求投資機會。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資印度公司發行之股票達到資本增值之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 集中風險
- 新興市場風險
- 外幣風險
- 流動性風險

與本基金相關的其他風險⁵：

- 股份等級避險風險
- 可轉換及混合證券風險
- 交易對手風險
- 股票風險
- 參與憑證風險
- 中小型公司風險
- 認股權證風險

全球曝險：

採用承諾法計算本基金的全球曝險。

投資經理公司：坦伯頓資產管理公司(Templeton Asset Management Ltd.)

費用揭露：請參閱附錄E有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

⁴ 自2023年3月10日起，本基金投資政策第一段後將新增以下內容：「根據投資限制，本基金也可將最多5%的淨資產投資於私人公司發行的證券，前提是預期的投資須符合2010年12月17日法律第41條第(1)或(2) a)款規定的可轉讓證券。」

⁵ 自2023年3月10日起，「私人公司風險」將被新增到與本基金相關的其他風險裡。

日本基金 〔 Franklin Japan Fund 〕

資產類別：股票型基金

基本計價幣別：日幣

投資目標：本基金之投資目標在於追求資本增值。

投資政策：

為達成目標，本基金的投資政策主要是投資於設立於日本或主要業務活動在日本的發行公司的股權證券。

此外，本基金可能也投資其他種類證券，例如：特別股、可轉換成普通股證券和日幣或非日幣計價的公司債及政府債，尋找投資機會。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 藉由尋求成長作風投資而集中於日本股權證券來達成資本增值機會的投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 集中風險
- 外幣風險
- 市場風險

與本基金相關的其他風險：

- 可轉換及混合證券風險
- 交易對手風險
- 股票風險
- 證券借貸風險

全球曝險：

採用承諾法計算本基金的全球曝險。

投資經理公司：坦伯頓資產管理有限公司(Templeton Asset Management Ltd)及富蘭克林坦伯頓投資(亞洲)有限公司(Franklin Templeton Investments (Asia) Limited)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

多空策略基金

[Franklin K2 Alternative Strategies Fund]

資產類別：另類型基金

基本計價幣別：美元

投資目標：

本基金之投資目標在於追求資本增值，並且相對於廣泛的股票市場有較低的波動性。

投資政策：

本基金為尋求達成其投資目標，配置其淨資產藉由多個非傳統或“另類投資”策略，包括但不限於部份或全部以下策略：股票對沖策略、相對價值、事件驅動，以及全球宏觀策略。每一種策略敘述如下：

- **股票對沖策略**—股票對沖策略通常以藉由採取多頭和空頭部位投資於股票以及普通股股票指數，尋求投資於全球股票市場的報酬。這些策略通常著重風險調整報酬並且能有效利用共同投資經理公司對特定股票市場、區域、產業類別以及證券的看法及展望。股票對沖策略包括(i)成長焦點策略，(ii)價值焦點策略，(iii)市場中立策略(例如：維持淨曝險於空頭部位20%以及多頭部位20%之間)，(iv)產業焦點策略(例如：科技、健康醫療、金融)以及(V)區域焦點策略(例如：歐洲、亞洲)。
- **相對價值策略**—相對價值策略包含廣泛的投資技巧，從定價無效率中獲取收益。這些策略通常包括持有一金融商品工具部位，並且同時持有一相關聯金融商品工具平倉部位，試圖從價差增量變化獲取收益。相對價值策略的例子包括：(i) 信用多空策略；(ii) 信用套利；(iii) 可轉換債券套利；以及(iv) 波動度套利。
- **事件驅動策略**—事件驅動策略通常意味投資於經歷公司重大事件的公司證券。這些策略通常著重於分析公司特定事件或交易特定事件在證券評價上的影響。這種公司特定或交易特定事件的例子包括合併、收購、資產移轉、公開收購、交換收購、資本重整、清算、出售業務、業務分拆，股權重整以及重組。
- **全球宏觀策略**—全球宏觀策略通常著重在總體經濟(整體經濟現象，例如失業率、國民所得、經濟成長率、國內生產毛額、通貨膨脹以及價格水準的改變)橫跨諸多市場以及投資的機會。投資可能依據市場、貨幣、利率、商品或任何個體經濟變數的相對價值或趨勢採取多頭或空頭部位。全球宏觀策略的例子包括自主發揮型宏觀策略(透過結合基本市場分析以及量化模型，戰術性地投資橫跨不同資產類別、市場、以及投資機會以尋求獲利)，以及系統型宏觀策略(利用量化模型確認橫跨不同資產類別以及市場的投資機會，用以建構投資組合來尋求獲利)。系統性投資還將包括某些風險溢價策略，利用持續行為上和結構上的異常來尋求獲利，這些異常提供的報酬與傳統資產類別無關。

在這些替代策略中，基金旨在促進廣泛的環境(E)特徵(氣候變化、自然資本、污染和廢物)和社會(S)特徵(人力資本、產品責任、反對利益相關者)。本基金所提倡的環境及/或社會特徵(在《SFDR》第8條含義內)，詳見 [附錄 G]。

本基金得投資於廣泛的可轉換證券、衍生性金融商品工具以及其他合格證券。這些證券可能包括但不限於，股票以及股票相關有價證券(可能包括普通股、特別股、參與憑證、股票相關憑證以及可轉換證券)以及債權證券(可能包括債券、票券、公司債、銀行承兌匯票以及商業本票)。

本基金得投資全球各地之各類規模的股票及股票相關有價證券。債券投資也可廣及各類的固定或浮動利率、各種天期、各種債信等級(包括投資級、非投資級、低評級、沒有評級、以及違約債券)、各類發行人(企業、政府)，也可能包括非投資等級(“垃圾級”)債券和不良債權(指可能瀕臨組織重整、財務重整或破產等事件的企業債券)。危機證券投資不得超過基金淨資產的10%。本基金可能從事主動以及頻繁性的交易為其投資策略的一部份。

本基金也得為避險、效率投組管理以及投資目的而運用金融衍生性商品。這些金融衍生性商品得於受管轄市場或櫃檯買賣市場交易，以及可能包括尤其是(i)期貨契約：包括依據股權或固定收益證券以及指數的期貨、利率期貨、貨幣期貨以及選擇權；(ii)互換交易：包括股權、貨幣、利率、有關股權、固定收益以及商品之總報酬互換交易，和信用違約互換交易以及選擇權；(iii)選擇權：包括指數、個別證券或貨幣的買權以及賣權；以及(iv)貨幣遠期契約。使用金融衍生性商品可能導致在特定收益曲線/存續期間、貨幣或是信用的負曝險部位。使用金融衍生性商品如利率期貨和商品指數之總報酬互換交易也可能導致本基金槓桿水準的實質性增加，進一步詳述於下方「全球曝險」章節。

為了實現其投資目標和財務目的，本基金得依據所適用的投資限制持有大量的銀行存款、貨幣市場工具或是貨幣市場基金(最高可達其淨資產的100%)。

本基金可能採取多頭以及合成空頭部位於廣泛的資產類別，包括股票、固定收益和貨幣等等。多頭部位從標的資產或資產類別的價格增加獲取收益，而空頭部位從標的資產或資產類別的價格減少獲取收益。合成空頭部位的曝險可透過使用金融衍生性商品而完成。

基金也可透過使用現金結算結構式商品或是交易所交易票券(如參與憑證)於商品，或是使用商品指數的金融衍生性商品，尋求在商品市場的曝險。

基金也可投資不超過其淨資產的10%於可轉讓證券集體投資企業(UCITS)及其他UCIs所發行的單位。根據投資限制，本基金還可將(i)不超過其淨資產的10%投資於私人公司發行的證券和符合條件的私募投資公開股權(PIPE)以及(ii)最多5%的淨資產投資於特殊目的收購公司(SPACs)，前提是預期的PIPE和SPAC符合2010年12月17日法律第41條第(1)或(2)a款規定的可轉讓證券。

由於藉由靈活及應變的投資政策，因此投資目標較容易達成，本基金也可能依照投資限制，購買抵押貸款擔保證券與資產擔保證券(包括擔保債務憑證)以及投資於證券或結構式商品(如商業抵押貸款證券和擔保抵押貸款憑證)當其證券連結或其價值源自其他參考資產。

總報酬互換交易曝險：

總報酬互換交易(融資性及非融資性)金額期望曝險水準不超過基金之淨資產的36%，最高可不超過205%。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的5%，最高不超過50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 投資於符合歐盟永續金融揭露規範(SFDR)第8條的基金。
- 受益於數個“另類投資”策略，藉由投資廣泛的合格證券以及衍生性金融商品工具來達成資本增值機會的投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 交易對手風險
- 信用風險
- 外幣風險
- 債權證券風險
- 衍生性金融商品風險
- 共同經理公司管理風險
- 市場風險

與本基金相關的其他風險：

- 股份等級避險風險

- 商品相關曝險風險
- 可轉換及混合證券風險
- 信用連結證券風險
- 危機證券風險
- 股票風險
- 浮動利率公司債投資風險
- 避險策略風險
- 流動性風險
- 模型風險
- 績效費用風險
- 私募投資公開股權(PIPEs)風險
- 私人公司風險
- 重整公司風險
- 證券借貸風險
- 證券化風險
- 中小型公司風險
- 特殊目的收購公司風險(SPACs risk)
- 結構型商品風險
- 顯著槓桿風險
- 永續發展風險
- 互換交易協定風險

全球曝險：

採用風險價值法(絕對風險價值 absolute VaR)計算本基金的全球曝險。

本基金的期望槓桿水準乃使用名日本金總額法計算，比重可能達 450%，此因使用較高名日本金的金融衍生性商品工具。槓桿水準反映本基金可能在任何特定時間持有大量部位的短期及中期（如 3 個月、2 年和 5 年）之主權債期貨（如美國公債期貨），由於這些合約的波動程度低於更長天期的相同主權債期貨（如美國十年期公債），而且名日本金總額法不允許這類對沖交易或其他可降低風險所涉及的金金融衍生性商品操作進行沖抵。因此，導致這些金融衍生性金融商品展期以及策略上結合多空部位時，可能使槓桿水準上升，然而卻不會增加或只有適度增加基金整體的風險，這些均有受 UCITS 法規所監控和限制。

所稱期望槓桿水準為預估的上限，且可能有較高的槓桿水準。此期望槓桿水準包含有關金融衍生性商品工具的名日本金曝險，但不包括本基金所持有之標的資產，該標的資產部位佔總資產的 100%。

投資經理公司：K2/D&S 管理公司 (K2/D&S Management Co., L.L.C.)

本基金的投資經理公司 (K2/D&S Management Co., L.L.C.) 透過精心挑選不同的共同投資經理公司（“共同投資經理公司”）來尋求達成基金的投資目標。一般而言，這些共同投資經理公司，分別利用另類投資策略投資，可能不是附屬於富蘭克林坦伯頓基金集團。投資經理公司除了挑選以及配置資產給共同投資經理公司外，也可以參與管理部份本基金資產。本基金的整體績效將是由所涉及之不同策略以及本基金之淨資產部份分配於這些策略的表現結果。

投資經理公司將就本基金負責挑選以及委任共同投資經理公司，就一些或全部本基金的資產，代表執行全部或部份日常投資管理責任以及投資諮詢服務。投資經理公司將依其判斷決定共同投資經理公司之間合適的配置比例管理本基金的資產，以達成本基金投資目標。

投資經理公司負責監控每一共同投資經理公司執行風險管理架構的狀況。投資經理公司將監控共同投資經理公司的績效，以評估是否需要調整/替換共同投資經理公司（如果有的話）。投資經理公司能依據適用的法規或通知期隨時委任或替換本基金之共同投資經理公司。

共同投資經理公司得無須事前通知股東而進行更換。擔任本基金之共同投資經理公司的名單可於本公

司網頁(www.franklintempleton.lu)以及/或於本公司的半年報和年報瀏覽。有效管理本基金的共同投資經理公司名單，能於本公司註冊辦公室依需求免費索取。

共同投資經理公司將由投資經理公司所給予自管理公司所收取之投資經理費用以為報酬。

費用揭露：請參閱附錄E有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

互利歐洲基金 〔 Franklin Mutual European Fund 〕

資產類別：股票型基金

基本計價幣別：歐元

投資目標：本基金之投資目標在於追求資本增值，有時可能著重在短期增值。次要投資目標在於追求收益。

投資政策：

本基金主要投資於投資經理公司認為基於特定的準則或其基本價值，市場價值被低估的在歐洲國家設立或有主要營運活動之企業所發行的股權證券以及可轉換或預期可轉換成普通股或特別股的債權證券。這些包括：普通股、特別股以及可轉換證券。在正常市場情況下，本基金將大部分的淨資產主要投資在證券發行公司是按歐洲法律成立或是其主要商業營運是在歐洲。本基金投資的標的，歐洲國家意指歐盟成員所有國家，東西歐和俄國地區以及被視為歐洲一部份的前蘇聯。本基金目前主要投資位於西歐國家的發行公司證券。本基金會投資至少五個不同國家的證券，但是有時也可能將所有資產全部投資在單一國家。本基金會投資不超過淨資產的 10% 在非歐洲發行公司的證券。

由於投資經理公司認為環境、社會和公司治理 (ESG) 因素會對公司當前和未來的企業價值有重大影響，因此 ESG 考量是其由下而上基本面研究的一個組成部分。研究團隊根據內部建立的框架定期評估重大 ESG 議題。為避免疑義，投資經理公司並未採用 ESG 標準的約束亦未有明確的 ESG 除外規定。

本基金也可能尋求投資在其業務涉及合併、整合、清算與組織重整、或是存有投標或移轉開價、以及可能參與這類交易之公司的證券。本基金也得小部份延伸購買這些公司涉及組織重整或是財務調整的擔保或未擔保的債券，其包括低評等與非投資等級證券。

本基金得為避險、效率投資組合管理以及投資目的而運用金融衍生性商品。這些金融衍生性商品包括（但不限於）期貨、選擇權、價差合約交易、金融商品遠期交易契約以及上述契約的選擇權、各種互換交易，例如信用違約互換交易、合成權益互換交易或是總報酬互換交易等。本基金得透過使用金融衍生性商品持有經擔保空頭部位提供本基金所持有的多頭部位有充分的流動性能在任何時間沖銷因空頭部位所致的債務款項。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資於任何歐洲價值被低估之公司，以達成資本增值（有時可能為短期性質），其次尋求收益之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 集中風險
- 衍生性金融商品風險
- 外幣風險
- 流動性風險
- 市場風險

與本基金相關的其他風險：

- 中國市場風險
- 股份等級避險風險
- 可轉換及混合證券風險

- 交易對手風險
- 信用風險
- 債權證券風險
- 危機證券風險
- 股票風險
- 重整公司風險
- 俄羅斯與東歐市場風險
- 證券借貸風險
- 互換交易協定風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林互利顧問公司 (Franklin Mutual Advisers, LLC)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

互利全球領航基金

〔 Franklin Mutual Global Discovery Fund 〕

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金之投資目標在於追求資本增值。

投資政策：

本基金將投資於投資經理公司認為基於特定的準則或其基本價值，市場價值被低估的任何國家的公司所發行之普通股、特別股、可轉換債權證券、或預期可轉換為普通股或特別股的可轉換證券，以及國家證券與參與外國政府債券。本基金通常投資於公司市場資本價值大約或超過 15 億美元的中型或大型資本公司所發行證券。

由於投資經理公司認為環境、社會和公司治理 (ESG) 因素會對公司當前和未來的企業價值有重大影響，因此 ESG 考量是其由下而上基本面研究的一個組成部分。研究團隊根據內部建立的框架定期評估重大 ESG 議題。為避免疑義，投資經理公司並未採用 ESG 標準的約束亦未有明確的 ESG 除外規定。

本基金也可能尋求投資在其業務涉及合併、整合、清算與組織重整、或是存有投標或移轉開價、以及可能參與這類交易之公司的證券。本基金也得小部份延伸購買這些公司涉及組織重整或是財務調整的擔保或未擔保的債券，其包括低評等與非投資等級證券。

本基金得為避險、效率投資組合管理以及投資目的而運用金融衍生性商品。這些金融衍生性商品包括（但不限於）期貨、選擇權、價差合約交易、金融商品遠期交易契約以及上述契約的選擇權、各種互換交易，例如信用違約互換交易、合成權益互換交易或是總報酬互換交易等。本基金得透過使用金融衍生性商品持有經擔保空頭部位提供本基金所持有的多頭部位有充分的流動性能在任何時間沖銷因空頭部位所致的債務款項。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求對於全世界價值被低估之公司的股票之投資機會的投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 衍生性金融商品風險
- 外幣風險
- 市場風險

與本基金相關的其他風險：

- 股份等級避險風險
- 可轉換及混合證券風險
- 交易對手風險
- 信用風險
- 債權證券風險
- 股票風險
- 流動性風險
- 重整公司風險
- 證券借貸風險
- 互換交易協定風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林互利顧問公司 (Franklin Mutual Advisers, LLC)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

互利美國價值基金 〔 Franklin Mutual U.S. Value Fund 〕

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金之首要投資目標在於追求資本增值。次要投資目標在於追求收益。

投資政策：

本基金主要透過投資在美國的普通股、特別股以及可轉換或預期可轉換成普通股或特別股的債權證券之投資來追求其目標。本基金至少 70% 的淨資產將投資於美國所發行的證券。投資經理公司的意見是建立在分析與研究、帳面價值對市場價值的關係〔在考量不同國家會計處理的差異後〕、現金流量、比較證券的盈餘乘數、發行公司的信用評比、保障債權義務的抵押品之價值以及購買權益和債權證券低於其基本價值的目標等並將其他因素考慮在內。

由於投資經理公司認為環境、社會和公司治理 (ESG) 因素會對公司當前和未來的企業價值有重大影響，因此 ESG 考量是其由下而上基本面研究的一個組成部分。研究團隊根據內部建立的框架定期評估重大 ESG 議題。為避免疑義，投資經理公司並未採用 ESG 標準的約束亦未有明確的 ESG 除外規定。

本基金也可能尋求投資在其業務涉及合併、整合、清算與組織重整、或是存有投標或移轉開價、以及可能參與這類交易之公司的證券。本基金也得小部份延伸購買這些公司涉及組織重整或是財務調整的擔保或未擔保的債券，其包括低評等與非投資等級證券。

本基金得為避險、效率投資組合管理以及投資目的而運用金融衍生性商品。這些金融衍生性商品包括（但不限定於）期貨、選擇權、價差合約交易、金融商品遠期交易契約以及上述契約的選擇權、各種互換交易，例如信用違約互換交易、合成權益互換交易或是總報酬互換交易等。本基金得透過使用金融衍生性商品持有經擔保空頭部位提供本基金所持有的多頭部位有充分的流動性能在任何時間沖銷因空頭部位所致的債務款項。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由主要投資位於美國的價值低估股票，來達成長期資本增值及其次為收益的投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 集中風險
- 市場風險

與本基金相關的其他風險：

- 股份等級避險風險
- 可轉換及混合證券風險
- 交易對手風險
- 信用風險
- 債權證券風險
- 衍生性金融商品風險
- 股票風險
- 外幣風險
- 流動性風險

- 重整公司風險
- 證券借貸風險
- 互換交易協定風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林互利顧問公司 (Franklin Mutual Advisers, LLC)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

天然資源基金 〔Franklin Natural Resources Fund〕

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金之投資目標在於追求資本增值與當期收益。

投資政策：

本基金將主要投資於下列公司的股權證券以及存託憑證：(i) 公司業務中的主要部分是在天然資源產業、(ii) 控股公司有主要部分參與於(i)所述及之公司，包括中小型公司。基於本基金的投資目標，天然資源產業包含擁有、製造、更新、處理、運輸與行銷天然資源、以及提供相關服務的公司。舉例而言，該產業可能包含以下工業：油品加工、石油及天然氣之探勘與製造、能源服務與科技、替代性能源與環保服務、林業產品、農業產品、紙業產品、化學品等。在輔助的基礎上，本基金得投資於任何種類的美國或非美國發行公司之股權或債權證券。相較於任何其他單一國家(包含新興市場)，本基金預期將其較多的淨資產投資於美國證券。

根據投資限制，本基金也可將(i)最多10%的淨資產投資於私人公司發行的證券和私募投資公開股權(PIPE)以及(ii)最多5%的淨資產投資於特殊目的收購公司(SPACs)，前提是預期的PIPE和SPAC符合2010年12月17日法律第41條第(1)或(2)a款規定的可轉讓證券之條件。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的5%，最高不超過50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資於天然資源產業的股權與債權證券來達成美元高總報酬的投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 商品相關曝險風險
- 集中風險
- 新興市場風險
- 外幣風險
- 流動性風險
- 市場風險

與本基金相關的其他風險：

- 股份等級避險風險
- 交易對手風險
- 股票風險
- 私募投資公開股權風險
- 私人公司風險
- 證券借貸風險
- 中小型公司風險
- 特殊目的收購公司風險(SPACs risk)

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林顧問公司 (Franklin Advisers, Inc.)

費用揭露：請參閱附錄E有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

精選收益基金（本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金） 〔 Franklin Strategic Income Fund 〕

資產類別：固定收益型基金

基本計價幣別：美元

投資目標：本基金之主要投資目標在於追求高水準的當期收益，次要目標為追求長期的資本增值。

投資政策：

本基金將主要投資於全球的債權證券，且包含新興市場。本基金將配置至少 75% 於固定收益證券。基於本基金的投資目標，債權證券應包含所有各類固定與浮動利率的收益證券，包含銀行貸款（透過受管轄的投資基金及金融衍生性商品）、債券、抵押權或其他資產擔保證券（包括擔保債務憑證及抵押美元交易）及可轉換證券。本基金得投資其 100% 的淨資產於遍及全球發行公司所發行之低評等、未經評等與非投資等級的債券，以及得投資其 100% 的淨資產於包括重組、財務重整或破產的公司證券。為了達到投資目標，本基金得使用各種金融衍生性商品以達到避險、投資組合管理效率以及投資目的。詳見附錄 B 所述之投資限制。金融衍生性商品得於受管轄市場或櫃檯買賣市場交易，包括（除了其他商品以外）各種互換交易，例如信用違約互換交易或固定收益相關的總報酬互換交易、遠期交易和交叉遠期交易（兩者任一可能導致負的貨幣曝險）、期貨契約（包括政府證券的期貨契約）以及選擇權等。本基金得為投資目的使用金融衍生性商品的範例，可能與本基金標的資產無關聯：包括藉由遠期交易和交叉遠期交易採行積極的貨幣部位（如多頭/空頭部位）、藉由信用違約互換交易採行積極信用部位，以及藉由固定收益相關的總報酬互換交易採行積極的利率部位。本基金得投資不超過其淨資產的 10% 於可轉讓證券集體投資企業（UCITS）及其他 UCIs 所發行的單位，得投資不超過 10% 的淨資產於與信用連結之證券，亦得投資不超過其淨資產的 10% 於違約證券。本基金可能將不超過其淨資產的 10% 透過債券通或直接投資於中國銀行間債券市場（CIBM direct）方式投資於中國。本基金也可能暫時採輔助基礎方式，投資於其他種類的可轉換證券，例如：特別股、普通股以及其他股權連結證券，以及權證等，以尋求投資機會。

本基金也得分派資本、已實現和未實現淨資本利得，以及未扣減費用之收益，其得允許較多的收益被分配而可能也有減少本金的影響。

總報酬互換交易曝險：

可能受總報酬互換交易（非融資性）影響之期望曝險水準相當於基金淨資產的 15%，最高不超過 40%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資於世界各地債權證券與金融衍生性商品來達成高水平的當期收益並期望資本增值之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 交易對手風險
- 信用風險
- 債權證券風險
- 衍生性金融商品風險
- 新興市場風險
- 外幣風險
- 市場風險
- 證券化風險

與本基金相關的其他風險：

- 中國市場風險
- 股份等級避險風險
- 可轉換及混合證券風險
- 信用連結證券風險
- 配息政策風險
- 互換交易協定風險
- 認股權證風險

全球曝險：採用風險價值法(相對風險價值 relative VaR)計算本基金的全球曝險。

相對風險價值的參考指標是由以下彭博指數成分所組成的混合指標：

美國非投資等級債券(10%)、美國抵押貸款債券(10%)、美國政府債券(10%)、美國信貸（企業）（10%）、美國商業抵押貸款債券(5%)、全球不含美國國庫券（10%）、美元新興市場主權債券(10%)、新興市場當地貨幣政府債券(10%)以及全球非投資等級債券(25%)

本基金的期望槓桿水準應相當於 65%。期望槓桿水準僅是預估值，並且有可能須承受較高的槓桿水平。計算槓桿水準採用的計算方法為名目本金總額法。此包含有關金融衍生性工具的名目本金曝險，但不包括本基金所持有的投資部位，該投資部位佔總資產的 100%。

投資經理公司：富蘭克林顧問公司 (Franklin Advisers, Inc.)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

科技基金 〔 Franklin Technology Fund 〕

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金之投資目標在於資本增值。

投資政策：

本基金至少將三分之二的淨投資資產投資於期望受益於科技、通訊服務及設備的發展、前進和使用的美國與非美國公司之股權證券。這些公司包括在以下產業：

- 通訊及計算相關之委外服務；
- 科技服務，包括：電腦軟體、資料服務及網際網路服務；
- 電子科技，包括：電腦、電腦產品及電子配件；
- 通訊，包括：網路、無線及有線服務與儀器；
- 媒體以及資訊服務，包括：資訊傳播與內容提供公司；
- 半導體以及半導體儀器；以及
- 精密儀器。

本基金所使用的成長方法引用了集中、由下而上，公司的基本面研究。投資經理公司在考量投資選擇時，也將廣泛基礎趨勢考慮在內。基本上，投資經理公司所找尋的是會展現，或即將展現部分以下所列特徵的公司：品質管理；健全成長前景；優勢市場定位；高或上升的獲利率；在資本投資有良好報酬。由於投資經理公司認為環境、社會和公司治理 (ESG) 因素與投資技術領域特別相關，並有助於創造股東價值，因此 ESG 考慮因素是其基本面投資研究的一個組成部分。本基金所提倡的環境及/或社會特徵（在《SFDR》第 8 條含義內），詳見 [附錄 G]。

本基金將投資在大型，信譽卓著的美國與非美國公司以及投資經理公司相信可以提供良好新興成長機會的中小型公司。

本基金還可根據投資限制，在輔助基礎上將 (i) 不超過其淨資產的 10% 投資於私人公司發行的證券和符合條件的私募投資公開股權 (PIPE) 以及(ii) 最多 5% 的淨資產投資於特殊目的收購公司 (SPACs)，前提是預期的 PIPE 和 SPAC 符合 2010 年 12 月 17 日法律第 41 條第 (1) 或 (2) a) 款規定的可轉讓證券。

本基金也可能投資於任何種類的外國或美國發行公司之股權或債權證券以及美國、歐洲或全球的存託憑證。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 投資於符合歐盟永續金融揭露規範(SFDR)第 8 條的基金。
- 尋求投資股權證券的資本增值機會。
- 尋求投資美國及全球科技產業的成長機會。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 集中風險
- 交易對手風險
- 市場風險

■ 證券借貸風險

與本基金相關的其他風險：

- 中國市場風險
- 股票風險
- 外幣風險
- 流動性風險
- 私募投資公開股權(PIPEs)風險
- 私人公司風險
- 中小型公司風險
- 特殊目的收購公司風險(SPACs risk)
- 永續發展風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林顧問公司 (Franklin Advisers, Inc.)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

美元短期票券基金

[Franklin U.S. Dollar Short-Term Money Market Fund]

本基金章節中所包含的資訊應與“投資人一般資訊”、“附錄 B”及“附錄 D”中適用於貨幣市場基金的特定規範，以及公開說明書中的一般規定一併閱讀，除非另有規定。

本基金符合短期可變資產淨值貨幣市場基金的資格，並已獲得盧森堡金融監督處依據歐盟貨幣市場基金管理規定(“MMFR”)的規定正式授權。本基金未被外部信用評等機構評級。

資產類別：貨幣市場基金

基本計價幣別：美元

投資目標：本基金的投資目標是維持高程度的資本保值和流動性，同時最大化美元的報酬。

投資政策：

本基金透過投資高品質美元計價債券和債券相關的貨幣市場工具之投資組合來達到投資目標。

本基金主要投資於高品質的貨幣市場工具，其主要由短期固定和浮動利率債權證券、商業本票、浮動利率票券和信貸機構的存款憑證組成，均應符合貨幣市場基金管理規定(MMFR)。本基金亦可在較小程度上投資於合規的證券化產品、資產基礎商業本票(“ABCP”)、輔助流動性資產、以美元計價之銀行存款和其他或貨幣市場工具。

這些投資應以美元計價且不超過100%可能配置於美國政府和其機構，以及相關公司所發行或擔保的工具，包括但不限於：經濟合作發展組織(OECD)成員國政府、超國際機構、美國財政部、美國聯邦儲備銀行、聯邦國民抵押貸款協會(FNMA)、政府國家抵押貸款協會(GNMA)、聯邦住房貸款抵押公司(Freddie Mac)、聯邦住房貸款銀行(FHLB)，美國和至少一個歐盟成員國參加的超國家組織，包括但不限於國際復興開發銀行(IBRD或世界銀行)、國際金融公司(IFC)、以及美洲開發銀行(IADB)。所有投資於購買時，最低長期信用評等為A或更高引自信評公司標準普爾(“S&P”)，或A2或更高引自穆迪(“Moody’s”)或其他被認可的國際評等機構。對應之短期信用評等為A-1/P-1或同等級，或是未經評等但經投資經理公司判定為具有相當信用品質的債券。

本基金將維持加權平均到期日(Weighted Average Maturity)不超過60天。本基金僅持有收購時的初始或剩餘到期日不超過397天的證券。

本基金可能僅為規避基金其他投資所固有的利率或匯率風險而使用金融衍生性商品。本基金亦可在下述限制範圍內投資於附買回及附賣回交易，以投資現金、產生額外資本或收入和降低風險，以及不超過基金淨資產的10%投資於任何其他短期貨幣市場基金的單位或股份。

附買回交易曝險：

可能受附買回交易影響之期望曝險水準相當於基金淨資產的10%，最高不超過10%。

附買回交易的使用將是暫時的，而基金可能會出現上下波動。此類變化可能取決於多種因素，例如但不限於基金的總淨資產、基礎市場的需求和基礎市場的季節性趨勢。在市場需求很少或沒有需求的時期，基金淨資產進行附買回交易的比例可能為0%，而在需求較高的時期，該比例可能接近10%。

附賣回交易曝險：

可能受附賣回交易影響之期望曝險水準相當於基金淨資產的20%，最高不超過35%。在附賣回交易中提供同一交易對手的現金總額不得超過本基金淨資產的15%。

附賣回交易的使用將是暫時的，而基金可能會出現上下波動。此類變化可能取決於多種因素，例如但不限於基金的總淨資產、基礎市場的需求和基礎市場的季節性趨勢。在市場需求很少或沒有需求的時期，本基金進行附賣回交易的淨資產比例可能為0%，而在需求較高的時期，該比例可能接近35%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資高品質美元計價債券和債券相關證券、貨幣市場工具及以美元計價的現金的投資組合，來達成當期收益及高程度的資本保值之投資人。
- 預計持有投資時間為短期。

風險考量：

本基金投資策略的主要風險：

- 信用風險
- 債權證券風險
- 市場風險

與本基金相關的其他風險：

- 集中風險
- 交易對手風險
- 流動性風險
- 附買回及附賣回交易風險
- 子基金投資風險

貨幣市場基金的股份並非存款，不受任何銀行擔保或背書，並且不受任何其他機構或監管機構的保證或擔保。持有貨幣市場基金股份的價值可能會波動。

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林顧問公司 (Franklin Advisers, Inc.)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

美國政府基金（本基金之配息來源可能為本金） 〔Franklin U.S. Government Fund〕

資產類別：固定收益型基金

基本計價幣別：美元

投資目標：本基金的投資目標在於追求收益及本金的安全。

投資政策：

為尋求達成這些投資目標，主要透過投資於美國政府及其代理機構所發行或擔保的債券為政策，包括購買抵押貸款擔保證券與資產擔保證券。本基金將配置至少 75%於固定收益證券。本基金可將 100%的資產投資於美國政府和其代理機構，以及相關公司（包括但不限於：美國財政部、美國聯邦儲備銀行、政府國家抵押貸款協會（GNMA），以及不超過 20%投資於聯邦住房貸款抵押公司（Freddie Mac）和聯邦國民抵押貸款協會（FNMA））依據附錄 B「投資限制規定」中適用的風險分散要求發行或擔保的可轉換證券及貨幣市場工具。

本基金也得為效率投資組合管理和利率避險目的而運用金融衍生性商品。這些金融衍生性商品可能包括尤其是互換交易、遠期契約以及期貨契約（包括但不限於利率期貨契約）。

本基金也得分派資本、已實現和未實現淨資本利得，以及未扣減費用之收益，其得允許較多的收益被分配而可能也有減少本金的影響。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資於美國政府及其附屬機構所發行的債券，來達成某種程度本金與收益安全的投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 交易對手風險
- 信用風險
- 債權證券風險
- 流動性風險
- 市場風險
- 證券化風險

與本基金相關的其他風險：

- 股份等級避險風險
- 集中風險
- 配息政策風險
- 證券借貸風險

就永續金融揭露規範第 6 條而言，鑑於該基金的政策性質，目前認為永續發展風險與所做出的投資決定無關，且當前永續發展風險不太可能對本基金的收益產生重大影響。

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林顧問公司 (Franklin Advisers, Inc.)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

美國機會基金

[Franklin U.S. Opportunities Fund]

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金之投資目標在於追求資本增值。

投資政策：

本基金主要投資於加速成長、獲利增加或相較於整體經濟而言具有平均值以上的成長或成長潛力的美國公司之股權證券。股權證券通常使持有人能參與公司的一般營運成果，它們包括普通股、可轉換證券與股票權證。

本基金主要投資於分佈於廣泛產業中之具有堅強成長潛力的小型、中型與大型企業。在選擇股權投資上，投資經理公司引用基本面、由下而上研究，對焦於公司相信其具永續成長特徵以及符合成長、品質及價值的標準。投資經理公司將專注於格外具有成長潛力的產業與這些產業中快速成長並具有創新能力的公司。

此外，為了穩固的管理及健全的財務紀錄，投資經理公司還將環境、社會和公司治理 (ESG) 因素視為其基本投資研究和決策過程的一個組成部分。本基金所提倡的環境及/或社會特徵 (在《SFDR》第 8 條含義內)，詳見 [附錄 G]。

雖然投資經理公司將搜尋眾多產業中的投資機會，但本基金有時將有顯著的部位投資於特定產業，例如科技產業 (包含電子科技、科技服務、生物科技及健康醫療科技)。根據投資限制，本基金也可將 (i) 最多 5% 的淨資產投資於私人公司發行的證券和私募投資公開股權 (PIPE) 以及 (ii) 最多 5% 的淨資產投資於特殊目的收購公司 (SPACs)，前提是預期的 PIPE 和 SPAC 符合 2010 年 12 月 17 日法律第 41 條第 (1) 或 (2) a) 款規定的可轉讓證券。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 投資於符合歐盟永續金融揭露規範(SFDR)第 8 條的基金。
- 尋求藉由股票投資來達成資本增值之投資人 (集中於美國發行公司發行的股票)。
- 尋求在整體經濟環境中，對於成長率在平均值以上或顯示出成長潛力產業的成長性投資機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 集中風險
- 證券借貸風險
- 市場風險

與本基金相關的其他風險：

- 股份等級避險風險
- 可轉換及混合證券風險
- 交易對手風險
- 股票風險
- 流動性風險
- 私募投資公開股權(PIPEs)風險

- 私人公司風險
- 中小型公司風險
- 特殊目的收購公司風險(SPACs risk)
- 永續發展風險
- 認股權證風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林顧問公司 (Franklin Advisers, Inc.)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

亞洲債券基金(本基金之配息來源可能為本金) 〔Templeton Asian Bond Fund〕

資產類別：固定收益型基金
基本計價幣別：美元

投資目標：本基金的投資目標是透過堅實的投資管理，追求利息收益、資本增值與匯兌收益所組成的總投資報酬極大化。

投資政策：

本基金為尋求達成其投資目標主要透過投資於亞洲地區的政府、政府所屬相關機構以及企業所發行之固定及浮動利率的債權證券及債權憑證的投資組合。本基金亦可投資在由多國政府所組織或支援之跨國性組織，例如國際復興開發銀行或歐洲投資銀行所發行的債權憑證。

本基金採用環境、社會和公司治理(ESG)評級方法來評估主權債券及公司債券的發行人，這些債券是本基金現有的或潛在的投資。本基金所提倡的環境及/或社會特徵(在《SFDR》第8條含義內)，詳見[附錄G]。

本基金也得為避險、效率投資組合管理以及投資目的而運用金融衍生性商品。這些金融衍生性商品得於受管轄市場或櫃檯買賣市場交易，可能包括尤其是互換交易(例如信用違約互換交易或總報酬互換交易)、期貨契約(包括政府證券的期貨契約)以及貨幣遠期、交叉遠期和貨幣期權。使用金融衍生性商品可能導致在特定收益曲線/存續期間、貨幣或是信用的負曝險部位。本基金亦可在不違反投資限制下，投資於證券連結於任何亞洲國家的資產或貨幣或是其價值源自於其他的證券。本基金也可能投資於抵押貸款證券或資產擔保證券及可轉換債券。本基金可能投資於亞洲地區發行公司所發行投資等級或非投資等級的債券、亦包含違約證券。本基金可以投資於以任何幣別計價的固定收益證券及債權憑證，亦得持有由特別股或債權憑證轉換或交換而得來之股票。本基金也可能運用抵押債券附買回交易。本基金可能將不超過其淨資產的40%透過債券通或直接投資於中國銀行間債券市場(CIBM direct)方式投資於中國。

本基金可能將不超過其淨資產的33%直接或是透過運用金融衍生性商品來投資於雖然位於亞洲地區以外，然而會受到亞洲地區財經動態影響的政府、政府所屬相關機構或企業所發行之固定與浮動利率的債權證券以及債權憑證。本基金可能將不超過其淨資產的25%投資在單一主權發行人(包括其政府、公共或地方機關)所發行或擔保之信評低於投資等級的債權證券。本基金也可投資不超過其淨資產的10%於可轉讓證券集體投資企業(UCITS)及其他UCIs所發行的單位。

為了實現其投資目標和財務目的，本基金得依據所適用的投資限制持有大量的銀行存款、貨幣市場工具或是貨幣市場基金(最高可達其淨資產的100%)。

本基金也得分派資本、已實現和未實現淨資本利得，以及未扣減費用之收益，其得允許較多的收益被分配而可能也有減少本金的影響。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的5%，最高不超過50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 投資於符合歐盟永續金融揭露規範(SFDR)第8條的基金。
- 尋求藉由投資於亞洲地區發行公司所發行的債權證券來達成結合利息收入、資本增值與匯兌收益的總投資報酬之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 集中風險
- 交易對手風險
- 信用風險
- 債權證券風險
- 衍生性金融商品風險
- 新興市場風險
- 外幣風險
- 市場風險

與本基金相關的其他風險：

- 中國市場風險
- 股份等級避險風險
- 可轉換及混合證券風險
- 信用連結證券風險
- 配息政策風險
- 流動性風險
- 證券借貸風險
- 結構型商品風險
- 永續發展風險
- 互換交易協定風險

全球曝險：採用風險值法(相對風險值 relative VaR)計算本基金的全球曝險。

相對風險值的參考指標是摩根大通全球新興市場亞洲多元化債券指數 (JPMorgan Government Bond Index-Emerging Markets Broad Diversified Asia Index) (100%)

本基金的期望槓桿水準應相當於 200%。期望槓桿水準僅是預估值，並且有可能須承受較高的槓桿水準。計算槓桿水準採用的計算方法為名目本金總額法。此包含有關金融衍生性工具的名目本金曝險，但不包括本基金所持有的投資部位，該投資部位佔總資產的 100%。

投資經理公司：富蘭克林顧問公司 (Franklin Advisers, Inc.)

投資經理公司根據其職責，就一些或全部本基金的資產，委任坦伯頓資產管理公司 (Templeton Asset Management Limited) 作為次投資經理公司，執行全部或部份日常投資管理責任以及投資諮詢服務。

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

亞洲成長基金 〔 Templeton Asian Growth Fund 〕

資產類別：股票型基金
基本計價幣別：美元

投資目標：本基金之投資目標在於資本增值。

投資政策：

本基金引用傳統的坦伯頓投資哲學，其為由下而上、強調嚴謹與紀律的長期價值導向的選股方法。

本基金主要投資於以下公司的可轉讓股權證券及存託憑證：(i) 該企業設立於亞洲地區，或 (ii) 該企業之主要營運活動位於亞洲地區，或 (iii) 該企業在亞洲地區資本市場上獲認可的交易所掛牌。亞洲地區包括但不限於以下國家或地區：香港、印度、印尼、韓國、馬來西亞、中國、巴基斯坦、菲律賓、新加坡、斯里蘭卡、台灣和泰國，不包括澳洲、紐西蘭以及日本。本基金亦可投資於位在亞洲地區以外，但有顯著比例的收入或利潤來自亞洲地區或在亞洲地區有顯著比例資產的公司的股權證券。在正常市場情況下，本基金主要投資於普通股。

由於具有彈性及可行性的投資政策較可能使本基金達成其投資目標，本基金可尋求其他類型可轉讓證券的投資機會，包括固定收益型證券等。本基金也可投資不超過其淨資產的 10% 於可轉讓證券集體投資企業(UCITS)及其他 UCIs 所發行的單位⁹⁶。

本基金可能將不超過其淨資產之 20% 投資在中國 A 股(透過滬港通、深港通，透過合格境外投資者(QFI)之投資組合、集合投資事業(UCI)以及在依據現行法律和法規下本基金被允許之任何方式)及中國 B 股。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資亞洲包括新興市場的公司證券，來達成投資增值機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 中國市場風險
- 集中風險
- 新興市場風險
- 外幣風險
- 流動性風險

與本基金相關的其他風險⁷：

- 股份等級避險風險
- 交易對手風險
- 股票風險
- 邊境市場風險

⁶ 自 2023 年 3 月 8 日起，本基金投資政策第三段後將新增以下內容：「根據投資限制，本基金也可將最多 5% 的淨資產投資於私人公司發行的證券，前提是預期的投資須符合 2010 年 12 月 17 日法律第 41 條第 (1) 或 (2) a 款規定的可轉讓證券。」

⁷ 自 2023 年 3 月 8 日起，「私人公司風險」將被新增到與本基金相關的其他風險裡。

■ 證券借貸風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：坦伯頓資產管理公司 (Templeton Asset Management Limited)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

亞洲小型企業基金

[Templeton Asian Smaller Companies Fund]

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金的投資目標為追求長期資本增值。

投資政策：

本基金將主要投資於以下小型企業之可轉讓股權證券及存託憑證：(i) 該企業設立於亞洲地區，或(ii) 該企業之主要營運活動位於亞洲地區。亞洲地區包含(但不限於)以下國家：孟加拉、柬埔寨、香港、印度、印尼、韓國、馬來西亞、中國、巴基斯坦、菲律賓、新加坡、斯里蘭卡、台灣、泰國及越南。同時，就本基金之投資目標而言，亞洲小型企業是指在首次購買時點其市場資本價值位於摩根史坦利亞洲不含日本小型企業指數(以下稱指數)範圍內的公司。只要證券符合首次購買，則在本基金持有期間內得以繼續追加購買。

另外，由於具有彈性及可行性的投資政策較可能使本基金達成其投資目標，故本基金亦得投資於參與憑證及其他類型的可轉讓證券，包含世界各地發行者的股權證券及固定收益證券。本基金也可投資不超過其淨資產的10%於可轉讓證券集體投資企業(UCITS)及其他 UCIs 所發行的單位。

本基金可能將不超過其淨資產之20%投資在中國A股(透過滬港通、深港通，透過合格境外投資者(QFI)之投資組合、集合投資事業(UCI)以及在依據現行法律和法規下本基金被允許之任何方式)及中國B股。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的5%，最高不超過50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資亞洲區域國家之小型企業的股票來達成資本增值之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 中國市場風險
- 集中風險
- 新興市場風險
- 外幣風險
- 流動性風險

與本基金相關的其他風險：

- 交易對手風險
- 股票風險
- 邊境市場風險
- 參與憑證風險
- 證券借貸風險
- 中小型公司風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：坦伯頓資產管理公司 (Templeton Asset Management Limited) 以及富蘭克林坦伯頓國際服務有限公司 (Franklin Templeton International Services S.à r.l.) 共同管理。

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

金磚四國基金 〔 Templeton BRIC Fund 〕

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金之投資目標在於追求資本增值。

投資政策：

本基金主要投資於(i)依據巴西、俄羅斯、印度與中國之法律設立或主要營運地點在以上四個國家的公司的股權證券、或(ii)主要收益或利潤係來自以上四個國家或主要資產位於以上四個國家的公司的股權證券。

由於具有彈性及可行性的投資政策較可能使本基金達成其投資目標，本基金可能尋求投資於其他可轉讓證券的機會：包括債券、固定收益證券、貨幣市場工具等。本基金也可投資不超過其淨資產的10%於可轉讓證券集體投資企業(UCITS)及其他 UCIs 所發行的單位。

本基金可能將不超過其淨資產之20%投資在中國A股(透過滬港通、深港通，透過合格境外投資者(QFI)之投資組合、集合投資事業(UCI)以及在依據現行法律和法規下本基金被允許之任何方式)及中國B股。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的5%，最高不超過50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資於巴西、俄羅斯、印度與中國公司的證券(含香港與台灣)來達成資本增值目標之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 中國市場風險
- 集中風險
- 新興市場風險
- 外幣風險
- 流動性風險

與本基金相關的其他風險：

- 股份等級避險風險
- 交易對手風險
- 股票風險
- 未受管轄市場風險
- 俄羅斯與東歐市場風險
- 證券借貸風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林坦伯頓投資(亞洲)公司(Franklin Templeton Investments (Asia) Limited)

投資經理公司根據其職責，就一些或全部本基金的資產，委任坦伯頓資產管理公司(Templeton Asset Management Limited)作為次投資經理公司，執行全部或部份日常投資管理責任以及投資諮詢服務。

費用揭露：請參閱附錄E有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

大中華基金 〔 Templeton China Fund 〕

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金之投資目標在於追求資本增值。

投資政策：

為達成目標，本基金之投資政策主要是透過對投資於 (i) 是依法設立或是主要業務活動在中國大陸、香港或台灣，或是 (ii) 其商品或服務的銷售或生產的收入主要部分源自於或是其主要資產是在中國大陸、香港或台灣的證券發行公司的股權證券。

本基金也投資在 (i) 其證券交易的主要市場是在中國大陸、香港或台灣，或是 (ii) 其資產與通貨連結到中國大陸、香港或台灣的股權證券發行公司。

由於具有彈性及可行性的投資政策較可能使本基金達成其投資目標，本基金也可能尋求投資於其他證券的機會，例如：特別股、可轉換成普通股證券和美元或非美元計價的公司債及政府債，尋找投資機會。

本基金可能將不超過其淨資產之 20% 投資在中國 A 股(透過滬港通、深港通，透過合格境外投資者(QFI) 之投資組合、集合投資事業(UCI) 以及在依據現行法律和法規下本基金被允許之任何方式)及中國 B 股。本基金也可投資不超過其淨資產的 10% 於可轉讓證券集體投資企業(UCITS) 及其他 UCIs 所發行的單位。⁸

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 藉由尋求投資中國股權證券，來達成資本增值機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 中國市場風險
- 集中風險
- 新興市場風險
- 外幣風險
- 流動性風險

與本基金相關的其他風險：

- 可轉換及混合證券風險
- 交易對手風險
- 股票風險
- 證券借貸風險

⁸ 自2023年3月8日起，本段內容修訂為：「本基金得(透過滬港通、深港通、合格境外投資者(QFI) 投資組合、集合投資事業(UCI) 以及在依據現行法律和法規下本基金被允許之任何方式) 將其淨資產的100%投資於中國 A 股，以及其淨資產最多的 20% 投資於中國 B 股。為免產生疑問，本基金通過 QFI 對中國 A 股的投資不會超過其淨資產的 70% 或以上。」

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：坦伯頓資產管理公司 (Templeton Asset Management Limited)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

東歐基金

〔 Templeton Eastern Europe Fund 〕

資產類別：股票型基金

基本計價幣別：歐元

投資目標：本基金之投資目標在於追求資本增值。

投資政策：

本基金主要投資有掛牌上市的股權證券且其發行公司設立或是主要業務活動是在東歐國家以及新獨立國家，例如：在過去一些歐亞國家原本有部份或是受到前蘇聯的統治影響〔“區域”〕。

本基金也投資於證券其發行是由前述國家的政府和領有執照的私有企業設立或主要業務活動在“區域”內。東歐國家包括以下國家：阿爾巴尼亞、波斯尼亞和黑塞哥維那、保佳利亞、克羅埃西亞、賽浦路斯、捷克共和國、希臘、匈牙利、馬其頓王國的前南斯拉夫共和國、馬爾他、門的內哥羅、波蘭、羅馬尼亞、俄羅斯、塞爾維亞、斯洛伐克共和國、斯洛文尼亞，以及土耳其。新獨立國家原本是前蘇聯的一部份，除俄羅斯本身之外，包括以下國家：亞美尼亞、亞塞拜然、白俄羅斯、愛沙尼亞、喬治亞、哈薩克、吉爾吉斯、拉脫維亞、立陶宛、摩爾多瓦、塔吉克、土庫曼、烏克蘭，以及烏茲別克。投資經理公司預期本基金主要投資在公司其（i）在“區域”內的主要股權證券市場裡有上市掛牌，或是（ii）至少 50% 的收入或獲利來自於在“區域”內的商品製造或銷售、投資進行或是勞務執行，或者是（iii）至少 50% 的資產處置於“區域”內。本基金主要投資於公開上市公司的股權證券上。偏好的國家為具有股票交易市場功能其允許外資介入且存在合宜的託管安排。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 藉由尋求投資東歐，包括新興市場來達成資本增值機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 集中風險
- 新興市場風險
- 外幣風險

與本基金相關的其他風險：

- 交易對手風險
- 股票風險
- 流動性風險
- 俄羅斯與東歐市場風險
- 證券借貸風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林坦伯頓國際服務有限公司(Franklin Templeton International Services S.à r.l.)及坦伯頓資產管理有限公司(Templeton Asset Management Ltd.)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

附加資訊：

在俄羅斯入侵烏克蘭的處境下，各國政府及市場交易對手對某些俄羅斯發行公司和資產進行制裁與行動所造成的衝擊，茲提供以下補充資訊：

- 為使本基金正常運作，本基金截至 2022 年 2 月 25 日所持有的俄羅斯資產已與本基金內的流動性資產進行區隔並且被配置到七個新設立的股份級別，前述作法已於 2022 年 11 月 11 日生效（“受限制股份級別”）並且將致力於實現股東的最佳利益為目標。下表所列新設立級別已在 2022 年 11 月 11 日分配給股東以反映截至 2022 年 2 月 25 日其在本基金總淨資產價值的持股百分比。受限制股份級別不受理申購、贖回及轉換。

受限制股份級別
A (acc) EUR RC
A (Ydis) EUR RC
I (acc) EUR RC
N (acc) EUR RC
W (acc) EUR RC
X (acc) EUR RC
A (acc) USD RC

- 隨著俄羅斯資產配置於受限制股份級別且其已在 2022 年 11 月 11 日僅有針對既有股東發行之後，本基金投資組合的流動性部位不再對俄羅斯資產有任何曝險並且本基金不會對俄羅斯或白俄羅斯資產有進一步投資，直到未來另行通知。

新興國家固定收益基金(本基金有相當比重投資於非投資等級之高風險 債券且基金之配息來源可能為本金)

[Templeton Emerging Markets Bond Fund]

資產類別：固定收益型基金

基本計價幣別：美元

投資目標：本基金的投資目標是透過堅實的投資管理，追求利息收益、資本增值及匯兌收益所組成的總投資報酬極大化。

投資政策：

本基金為尋求達成其投資目標主要透過投資於開發中或新興市場國家之政府、政府所屬相關機構或是企業所發行之固定及浮動利率的債權證券(包括非投資等級證券)及債權憑證的投資組合。本基金亦可投資在由多國政府所組織或支援之跨國性組織，例如國際復興開發銀行或歐洲投資銀行所發行的債權憑證。本基金可能將不超過其淨資產的30%透過債券通或直接投資於中國銀行間債券市場(CIBM direct)方式投資於中國。

本基金採用環境、社會和公司治理(ESG)評級方法來評估主權債券及公司債券的發行人，這些債券是本基金現有的或潛在的投資。本基金所提倡的環境及/或社會特徵(在《SFDR》第8條含義內)，詳見[附錄G]。

本基金得為避險、效率投資組合管理以及投資目的而運用金融衍生性商品。這些金融衍生性商品得於受管轄市場或櫃檯買賣市場交易，可能包括尤其是互換交易(例如信用違約互換交易或總報酬互換交易)、期貨契約(包括政府證券的期貨契約)以及貨幣遠期、交叉遠期和貨幣期權。使用金融衍生性商品可能導致在特定收益曲線/存續期間、貨幣或是信用的負曝險部位。本基金亦可在不違反投資限制下，購買抵押貸款擔保證券與資產擔保證券以及投資於證券連結於任何開發中或新興市場國家的資產或貨幣，或是其價值源自其他的證券。此外，本基金也可購買特別股、普通股及其他股權連動證券、權證以及可以任何幣別交換或轉換成普通股之債權證券。本基金得持有不超過10%的淨資產投資於違約證券。本基金可以投資於以任何幣別計價的固定收益證券、債權憑證以及股權證券。本基金也可投資不超過其淨資產的10%於可轉讓證券集體投資企業(UCITS)及其他UCIs所發行的單位。

為了實現其投資目標和財務目的，本基金得依據所適用的投資限制持有大量的銀行存款、貨幣市場工具或是貨幣市場基金(最高可達其淨資產的100%)。

本基金可能將不超過其淨資產的33%直接或是透過運用金融衍生性商品來投資於雖然位於開發中或新興市場國家以外，然而會受到開發中或新興市場國家之財經動態影響的政府、政府所屬相關機構或企業所發行之固定與浮動利率的債權證券以及債權憑證。本基金可能將不超過其淨資產的25%投資在單一主權發行人(包括其政府、公共或地方機關)所發行或擔保之信評低於投資等級的債權證券。

本基金也得分派資本、已實現和未實現淨資本利得，以及未扣減費用之收益，其得允許較多的收益被分配而可能也有減少本金的影響。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的5%，最高不超過50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 投資於符合歐盟永續金融揭露規範(SFDR)第8條的基金。
- 尋求藉由投資新興國家固定收益證券，來達成高於結合利息收入、資本增值與匯兌收益的平均收益之潛力的投資機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 交易對手風險
- 信用風險
- 債權證券風險
- 衍生性金融商品風險
- 新興市場風險
- 外幣風險
- 流動性風險
- 市場風險

與本基金相關的其他風險：

- 中國市場風險
- 股份等級避險風險
- 可轉換及混合證券風險
- 信用連結證券風險
- 危機證券風險
- 配息政策風險
- 邊境市場風險
- 證券借貸風險
- 結構型商品風險
- 永續發展風險
- 互換交易協定風險
- 認股權證風險

全球曝險：採用風險值法(相對風險值 relative VaR)計算本基金的全球曝險。

相對風險值的參考指標是由摩根大通全球新興市場債券指數 (J.P. Morgan Emerging Markets Bond Index Global (EMBIG)) (50%) 以及摩根大通新興市場政府債券指數 (J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM)) (50%) 所組成的混合指標。

本基金的期望槓桿水準應相當於 200%。期望槓桿水準僅是預估值，並且有可能須承受較高的槓桿水平。計算槓桿水準採用的計算方法為名目本金總額法。此包含有關金融衍生性工具的名目本金曝險，但不包括本基金所持有的投資部位，該投資部位佔總資產的 100%。

投資經理公司：富蘭克林顧問公司 (Franklin Advisers, Inc.)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

新興市場月收益基金(本基金之配息來源可能為本金) 〔 Templeton Emerging Markets Dynamic Income Fund 〕

資產類別：多重資產基金

基本計價幣別：美元

投資目標：本基金的投資目標是透過審慎的投資管理，追求資本增值與利息收益最大化。

投資政策：

本基金為尋求達成其投資目標，主要透過投資於由設立、註冊或其主要業務活動在開發中或新興市場國家之政府、政府所屬相關機構或是企業所發行的股權證券、固定及浮動利率債權證券(包括低評等和非投資等級債權證券)以及債權憑證的投資組合。這些國家包括但不限於巴西、智利、哥倫比亞、墨西哥、秘魯、捷克、埃及、匈牙利、摩洛哥、波蘭、俄羅斯、南非、土耳其、中國、印度、印尼、韓國、馬來西亞、菲律賓、台灣和泰國。本基金可能將不超過其淨資產的30%透過債券通或直接投資於中國銀行間債券市場(CIBM direct)方式投資於中國。

本基金通常將至少投資其淨資產的25%於新興市場股權證券，並至少25%的淨資產投資於新興市場債權證券，但其淨資產分配的比例可能隨時間而變化，依據投資經理公司對各資產類別之相對投資吸引力而做評估。

本基金也可能為避險、效率投組管理以及投資目的而運用金融衍生性商品。為取得較大的流動性、鎖定較高收益率或執行對貨幣和利率看法的目的，可能使用金融衍生性商品而獲得經濟風險，作為在實體市場中交易的替代方案。本基金不會試圖廣泛投資於金融衍生性商品。這些金融衍生性商品得於受管轄市場或櫃檯買賣市場交易，可能包括尤其是互換交易(例如信用違約互換交易或固定收益相關總報酬互換交易)、遠期交易和交叉遠期交易、期貨契約(包括政府證券的期貨契約)以及選擇權。使用金融衍生性商品可能導致在特定收益曲線/存續期間、貨幣或是信用的負曝險部位。本基金亦可在不違反投資限制下，購買抵押貸款擔保證券與資產擔保證券以及投資於證券或結構型商品(例如參與憑證或股權連結證券)，該等證券連結於或價值源自於任何開發中或新興市場國家的資產或貨幣。此外，本基金也可購買特別股、普通股及其他股權連結證券、認股權證以及可以任何幣別交換或轉換成普通股之債權證券。本基金可以投資於以任何幣別計價的固定收益證券、債權憑證以及股權證券。本基金也得投資不超過其淨資產的10%於可轉讓證券集體投資企業(UCITS)及其他集合投資事業(UCIs)所發行的單位。

本基金亦可投資於位在開發中或新興市場國家以外，然而有顯著比例的收入或利潤來自，有顯著比例資產在或受到開發中或新興市場國家財經動態影響的政府、政府所屬相關機構或企業所發行之證券。本基金可能將不超過其淨資產的25%投資在單一主權發行人(包括其政府、公共或地方機關)所發行或擔保之信評(於購買時)低於投資等級的債權證券。

本基金可能將不超過其淨資產之20%投資在中國A股(透過滬港通、深港通，透過合格境外投資者(QFI)之投資組合、集合投資事業(UCI)以及在依據現行法律和法規下本基金被允許之任何方式)及中國B股。

本基金也得分派資本、已實現和未實現淨資本利得，以及未扣減費用之收益，其得允許較多的收益被分配而可能也有減少本金的影響。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的5%，最高不超過50%。

總報酬互換交易曝險：

可能受總報酬互換交易(非融資性)影響之期望曝險水準相當於基金淨資產的3%，最高不超過5%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資新興市場來達成資本增值與利息收益最大化的投資人。

- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 集中風險
- 債權證券風險
- 衍生性金融商品風險
- 新興市場風險
- 外幣風險
- 流動性風險

與本基金相關的其他風險：

- 中國市場風險
- 股份等級避險風險
- 可轉換及混合證券風險
- 交易對手風險
- 信用風險
- 配息政策風險
- 邊境市場風險
- 未受管轄市場風險
- 參與憑證風險
- 證券借貸風險
- 證券化風險
- 結構型商品風險
- 互換交易協定風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林顧問公司(Franklin Advisers, Inc.)

投資經理公司根據其職責，就一些或全部本基金的資產，委任坦伯頓資產管理公司(Templeton Asset Management Limited)作為次投資經理公司，執行全部或部份日常投資管理責任以及投資諮詢服務。

費用揭露：請參閱附錄E有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

新興國家基金 〔 Templeton Emerging Markets Fund 〕

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金之投資目標在於資本增值。

投資政策：

本基金透過主要投資於股權證券及輔助方式投資於債權證券的投資政策以求達成目標，其證券發行者為依法設立或是主要業務活動在發展中或新興國家的公司及政府。

本基金也會投資於其公司大部分的收入及利潤來自於新興的經濟市場的公司，或是資產的大部分是在新興經濟市場的公司，也會投資於與新興國家的資產及貨幣有聯繫的公司所發行的股票及債券。本基金主要投資於普通股。

由於具有彈性及可行性的投資政策較可能使本基金達成其投資目標，本基金也可能尋求投資於其他證券的機會，例如：特別股、參與憑證、可轉換成普通股證券和公司債及政府債，尋找投資機會。本基金也可投資不超過其淨資產的 10% 於可轉讓證券集體投資企業(UCITS)及其他 UCIs 所發行的單位。

本基金可能將不超過其淨資產之 20% 投資在中國 A 股(透過滬港通、深港通，透過合格境外投資者(QFII)之投資組合、集合投資事業(UCI)以及在依據現行法律和法規下本基金被允許之任何方式)及中國 B 股。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 藉由尋求投資新興市場來達成資本增值機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 中國市場風險
- 集中風險
- 新興市場風險
- 外幣風險
- 流動性風險
- 市場風險

與本基金相關的其他風險：

- 股份等級避險風險
- 可轉換及混合證券風險
- 交易對手風險
- 債權證券風險
- 股票風險
- 邊境市場風險
- 未受管轄市場風險
- 參與憑證風險
- 俄羅斯與東歐市場風險
- 證券借貸風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：坦伯頓資產管理公司(Templeton Asset Management Limited)和富蘭克林坦伯頓投資管理公司(Franklin Templeton Investment Management Limited)共同管理

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

新興國家小型企業基金 〔 Templeton Emerging Markets Smaller Companies Fund 〕

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金之投資目標在於追求長期資本增值。

投資政策：

本基金透過以下投資政策以求達成目標，本基金主要投資以下公司之股權證券與存託憑證：(i) 註冊於新興市場的小型企業、(ii) 其業務的主要部分係於新興市場營運的小型企業、及 (iii) 小型控股公司有主要部分參與於(i)所述及之公司。基於本基金的投資目標，新興市場小型企業通常是指在首次購買時點其市場資本價值位於摩根史坦利新興市場小型企業指數(以下稱指數)範圍內的公司。只要證券符合首次購買，則在本基金持有期間內得以繼續追加購買。

在輔助的基礎上，本基金亦得投資於參與憑證及新興市場國家之低評等或未評等的債權證券，及位於開發中國家之發行公司所發行的可轉讓證券。本基金也可投資不超過其淨資產的10%於可轉讓證券集體投資企業(UCITS)及其他 UCIs 所發行的單位。

本基金可能將不超過其淨資產之20%投資在中國A股(透過滬港通、深港通，透過合格境外投資者(QFI)之投資組合、集合投資事業(UCI)以及在依據現行法律和法規下本基金被允許之任何方式)及中國B股。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的5%，最高不超過50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資新興國家之小型企業證券，來達成資本增值機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 集中風險
- 新興市場風險
- 外幣風險
- 流動性風險

與本基金相關的其他風險：

- 中國市場風險
- 交易對手風險
- 股票風險
- 邊境市場風險
- 參與憑證風險
- 證券借貸風險
- 中小型公司風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：坦伯頓資產管理公司 (Templeton Asset Management Limited)以及富蘭克林坦伯頓國際服務有限公司(Franklin Templeton International Services S.à r.l.)共同管理。

費用揭露：請參閱附錄E有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

潛力歐洲基金 〔 Templeton Euroland Fund 〕

資產類別：股票型基金

基本計價幣別：歐元

投資目標：本基金之投資目標在於追求資本增值。

投資政策：

為達成目標，本基金的投資政策主要是透過對股權及債權證券的投資，而證券發行單位為位於任一歐洲貨幣聯盟(歐元區國家)的會員國家的公司和政府，不管是否以歐元計價或是相關國家的通貨，以及任何其他發行公司以歐元計價的股票或債權證券。

為符合法國法案 PEA 的規定，本基金將投資至少 75% 的淨資產於總公司設在歐盟的公司的股票。

由於具有彈性及可行性的投資政策較可能使本基金達成其投資目標，本基金可能在其他類型的可轉讓證券裡尋求投資機會，例如：特別股以及證券可轉換成任何前述公司發行的普通股等。

本基金也得小部份延伸投資於結構性商品，例如股票連結商品。

本基金也得為避險以及效率投資組合管理而運用金融衍生性商品。這些金融衍生性商品可能包括尤其是期貨契約(包括股票、股票指數、利率和貨幣的期貨契約)、遠期交易以及選擇權(包括在受管轄市場交易之股票選擇權、股票指數選擇權)。使用金融衍生性商品可能導致在特定資產類別、收益曲線/存續期間或是貨幣的負曝險部位。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資於歐洲貨幣聯盟會員國家價值被低估的股票來達成資本增值機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 集中風險
- 市場風險

與本基金相關的其他風險：

- 可轉換及混合證券風險
- 交易對手風險
- 衍生性金融商品風險
- 股票風險
- 外幣風險
- 流動性風險
- 證券借貸風險
- 結構型商品風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林坦伯頓投資管理公司(Franklin Templeton Investment Management Limited)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

歐洲股票收益基金（本基金之配息來源可能為本金）

〔 Templeton European Dividend Fund 〕

資產類別：股票型基金

基本計價幣別：歐元

投資目標：本基金的投資目標是提供當期收益與長期資本增值。

投資政策：

本基金為了達到投資目標，主要投資於在歐洲成立或是主要營運活動在歐洲的企業所發行之股權以及/或是股權相關證券(包括認股權證和可轉換證券)，不分市值大小。尤其，本基金藉由投資經理公司認為目前買進的價格可提供具吸引力的股利殖利率，或是未來股利殖利率前景佳的標的，爭取股票收益機會。

由於投資目標較易因靈活及應變的投資政策而達成時，本基金也可能暫時採輔助基礎方式，尋求上述公司股權連結證券，以及不符合上述要求的股權、股權連結及/或股權相關證券公司的投資機會。

本基金也得為避險、效率投資組合管理以及投資目的而運用金融衍生性商品。這些金融衍生性商品得於受管轄市場或櫃檯買賣市場交易，可能包括尤其是遠期交易和交叉遠期交易、期貨契約（包括指數期貨契約）或這些契約的選擇權、股權連結證券以及選擇權。

本基金也得分派資本、已實現和未實現淨資本利得，以及未扣減費用之收益，其得允許較多的收益被分配而可能也有減少本金的影響。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資位於任何歐洲國家的股權證券公司以獲得收益及資本增值機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 集中風險
- 外幣風險
- 市場風險

與本基金相關的其他風險：

- 可轉換及混合證券風險
- 交易對手風險
- 衍生性金融商品風險
- 配息政策風險
- 股票風險
- 流動性風險
- 證券借貸風險
- 認股權證風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林坦伯頓投資管理公司 (Franklin Templeton Investment Management Limited)。

費用揭露：請參閱附錄E有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

歐洲中小型企業基金 〔 Templeton European Small-Mid Cap Fund 〕

資產類別：股票型基金

基本計價幣別：歐元

投資目標：本基金之投資目標在於追求資本增值。

投資政策：

本基金為了達到投資目標，主要投資於歐洲中小型公司之股權以及股權相關證券(包括認股權證和可轉換證券)。在選擇股權投資時，投資經理公司採用積極的、由下而上的基本面研究來尋找被認為具有較高風險與收益特性的個別證券。

本基金主要將其淨資產投資於發行公司註冊成立或主要業務活動在歐洲國家，於購買時其市值超過 1 億歐元且低於 80 億歐元或等值的證券。

由於具有彈性及可行性的投資政策較可能使本基金達成其投資目標，故本基金也可能尋求不符合上述要求的其他類型的可轉讓證券的投資機會。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資位於任何歐洲國家的中小型公司的股權證券以獲得資本增值機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 集中風險
- 外幣風險
- 中小型公司風險
- 流動性風險
- 市場風險

與本基金相關的其他風險：

- 可轉換及混合證券風險
- 交易對手風險
- 股票風險
- 證券借貸風險
- 永續發展風險
- 認股權證風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林坦伯頓投資管理公司 (Franklin Templeton Investment Management Limited)

費用揭露：請參閱附錄E有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

邊境市場基金

[Templeton Frontier Markets Fund]

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金的投資目標為追求長期資本增值。

投資政策：

本基金將主要投資於以下企業之可轉讓股權證券：(i) 該企業設立於邊境市場(Frontier Market)國家，或(ii) 該企業之主要營運活動位於邊境市場並涵蓋各市場資本額範疇。邊境市場國家為規模較小、較低度開發且較不易進入的開發中國家，但仍具有投資價值的股權證券市場，邊境市場是指依據國際金融組織以及邊境市場相關指數(包括但不限定於：摩根史坦利邊境市場擇選國家上限指數、美林邊境指數、標準普爾邊境廣泛市場指數)所定義的國家，例如巴林、保加利亞、埃及、哈薩克、奈及利亞、巴基斯坦、卡達、越南等國家。

由於具有彈性及可行性的投資政策較可能使本基金達成其投資目標，故本基金亦得投資於參與憑證及其他類型的可轉讓證券，包含全球各地發行者的股權證券、股權相關證券及固定收益證券，以及為避險目的及效率投組管理而運用金融衍生性商品。這些金融衍生性商品於受管轄市場或櫃檯買賣市場交易，可能包括尤其是遠期交易及金融期貨契約或是上述契約的選擇權、股權連動票券。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的5%，最高不超過50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資位於定義為邊境市場(Frontier Market)國家之公司的股權證券，來達成資本增值機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 集中風險
- 外幣風險
- 邊境市場風險
- 流動性風險

與本基金相關的其他風險：

- 股份等級避險風險
- 交易對手風險
- 衍生性金融商品風險
- 股票風險
- 參與憑證風險
- 證券借貸風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林坦伯頓投資(亞洲)公司(Franklin Templeton Investments (Asia) Limited)

投資經理公司根據其職責，就一些或全部本基金的資產，委任富蘭克林坦伯頓投資(中東)公司(Franklin Templeton Investments (ME) Limited)作為次投資經理公司，執行全部或部份日常投資管理責任以及投資諮詢服務。

費用揭露：請參閱附錄E有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

全球平衡基金（本基金之配息來源可能為本金）

〔 Templeton Global Balanced Fund 〕

資產類別：平衡型基金

基本計價幣別：美元

投資目標：本基金的投資目標是透過堅實的投資管理，追求資本成長與當期收益。

投資政策：

本基金藉由主要投資於全球（包括新興市場）各國機構所發行的股票及政府債券來達成投資目標。

投資經理公司預期將大部分的基金資產投資於具資本增值潛力之股票、股票連結證券，包括債券、或可轉換或可交換為股票的特別股。本基金更藉由投資於全球各國之政府、政府所屬相關機構或企業所發行的固定或浮動利率的債權證券（包括但不超過本基金淨資產的5%投資於非投資等級之證券）及債權憑證，以達到追求收益的目標。本基金亦可投資在由多國政府所組織或支援的跨國性組織，例如國際復興開發銀行或歐洲投資銀行所發行的債權憑證。本基金可能將不超過其淨資產的30%透過債券通或直接投資於中國銀行間債券市場(CIBM direct)方式投資於中國。本基金得購買股票、固定收益證券及債權憑證。儘管前面所述，投資經理公司不會將超過40%的淨資產投資於固定收益證券。

本基金也得為了避險目的以及效率投組管理而運用金融衍生性商品。這些金融衍生性商品得於(i)受管轄市場交易，例如：期貨契約（包括政府證券的期貨契約）及選擇權，或是於(ii)櫃檯買賣市場交易，例如：貨幣、匯率及利率相關的互換交易及遠期交易。

本基金也得分派資本、已實現和未實現淨資本利得，以及未扣減費用之收益，其得允許較多的收益被分配而可能也有減少本金的影響。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相對於基金淨資產的5%，最高不超過50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由評估單一基金其投資組合兼具股票與固定收益證券，來達成資本增值與一定水平收益之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 信用風險
- 債權證券風險
- 外幣風險
- 市場風險

與本基金相關的其他風險：

- 中國市場風險
- 股份等級避險風險
- 可轉換及混合證券風險
- 交易對手風險
- 衍生性金融商品風險
- 配息政策風險
- 新興市場風險
- 流動性風險
- 證券借貸風險

全球曝險：採用承諾法計算本基金的全球曝險。

投資經理公司：坦伯頓投資顧問有限責任公司 (Templeton Investment Counsel, LLC)以及富蘭克林顧問公司 (Franklin Advisers, Inc.)共同管理。

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

全球債券基金(本基金之配息來源可能為本金) [Templeton Global Bond Fund]

資產類別：固定收益型基金

基本計價幣別：美元

投資目標：本基金的主要投資目標是透過堅實的投資管理，追求利息收益、資本增值及匯兌收益所組成的總投資報酬極大化。

投資政策：

本基金為尋求達成其投資目標主要投資於全世界各國政府或是政府所屬相關機構所發行的固定或浮動利率的債權證券(包括非投資等級證券)及債權憑證的投資組合。本基金亦可在不違反本基金之投資限制之下，投資於企業所發行之債券(包括非投資等級證券)。本基金亦可投資在由多國政府所組織或支援的跨國性組織，例如國際復興開發銀行或歐洲投資銀行所發行的債權憑證。本基金可能將不超過其淨資產的30%透過債券通或直接投資於中國銀行間債券市場(CIBM direct)方式投資於中國。

本基金採用專屬的環境、社會及公司治理(ESG)之評級方法以評估政府債券的發行國家，該債券的發行國來自每個發行本基金現有或潛在投資的主權債券的國家。本基金所提倡的環境及/或社會特徵(在《SFDR》第8條含義內)，詳見[附錄G]。

本基金也得為避險、效率投資組合管理以及投資目的而運用金融衍生性商品。這些金融衍生性商品得於受管轄市場或櫃檯買賣市場交易，可能包括尤其是互換交易(例如利率交換交易、信用違約互換交易或總報酬互換交易)、貨幣遠期交易和交叉貨幣遠期交易、期貨契約(包括政府證券的期貨契約)以及選擇權。使用金融衍生性商品可能導致在特定收益曲線/存續期間、貨幣或是信用的負曝險部位。本基金亦得投資於證券或是結構型商品(例如信用連結證券、抵押貸款擔保證券與資產擔保證券)其證券連結於或是其價值源自於其他的證券，或是其連結於任何國家的資產或貨幣。本基金得持有不超過10%的淨資產投資於違約證券。本基金可以購買以任何幣別計價的固定收益證券及債權憑證，包括可轉換債券，亦得持有由特別股或債權憑證轉換或交換而得來之股票。本基金基於現金管理目的，也可投資不超過其淨資產的10%於可轉讓證券集體投資企業(UCITS)及其他UCIs所發行的單位。

為了實現其投資目標和財務目的，本基金得依據所適用的投資限制持有大量的銀行存款、貨幣市場工具或是貨幣市場基金(最高可達其淨資產的100%)。

本基金可能將不超過其淨資產的25%投資在單一主權發行人(包括其政府、公共或地方機關)所發行或擔保之信評低於投資等級的債權證券。

本基金也得分派資本、已實現和未實現淨資本利得，以及未扣減費用之收益，其得允許較多的收益被分配而可能也有減少本金的影響。

總報酬互換交易曝險：

可能受總報酬互換交易(非融資性)影響之期望曝險水準相當於基金淨資產的3%，最高不超過5%。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的5%，最高不超過50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 本基金符合歐盟永續金融揭露規範(SFDR)第八條
- 尋求藉由投資全球債券，來達成結合利息收益、資本增值與匯兌收益的最大總投資報酬之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 交易對手風險
- 信用風險
- 債權證券風險
- 衍生性金融商品風險
- 新興市場風險
- 外幣風險
- 市場風險

與本基金相關的其他風險：

- 中國市場風險
- 股份等級避險風險
- 可轉換及混合證券風險
- 信用連結證券風險
- 配息政策風險
- 流動性風險
- 證券借貸風險
- 結構型商品風險
- 永續發展風險
- 互換交易協定風險

全球曝險：

採用風險值法(相對風險值 relative VaR)計算本基金的全球曝險。

相對風險值的參考指標是由摩根大通全市場政府債券指數(J.P. Morgan Government Bond Index Broad(JGBI Broad))(50%)、摩根大通全球新興市場債券指數(J.P. Morgan Emerging Markets Bond Index Global(EMBIG))(25%)以及摩根大通新興市場政府債券指數(J.P. Morgan Government Bond Index-Emerging Markets(GBI-EM))(25%)所組成的混合指標。

本基金的期望槓桿水準應相當於 200%。期望槓桿水準僅是預估值，並且有可能須承受較高的槓桿水平。槓桿水準採用的計算方法為名目本金總額法。此包含有關金融衍生性工具的名目本金曝險，但不包括本基金所持有的投資部位，該投資部位佔總資產的 100%。

投資經理公司：富蘭克林顧問公司 (Franklin Advisers, Inc.)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

全球氣候變遷基金 〔 Templeton Global Climate Change Fund 〕

資產類別：股票型基金

基本計價幣別：歐元

投資目標：本基金之投資目標在於追求資本增值的同時，致力貢獻於《巴黎氣候協定》考量之減緩和適應氣候變化。

為達成《巴黎氣候協定》的長期全球暖化目標，本基金主要是透過投資於減少溫室氣體排放的解決方案來進行減碳，其次透過投資於致力使自我減碳軌道符合 1.5 度的公司。

投資政策：

為達成其投資目標，本基金主要投資於全球各地積極應對氣候變遷公司的股權證券，且具有及採納減輕和因應氣候變遷風險的解決方案正在讓其業務模型較具有彈性以因應由於氣候變遷以及各行業資源枯竭帶來的長期金融風險和機會，並且因此已準備好轉型至低碳經濟的全球性公司。投資經理公司基於預期長期盈餘和商業資產價值等因素，使用深入分析來選擇其認為被低估的股權證券。

本基金旨在達成減緩和適應的氣候變遷目標，係投資於以減少排放、提高資源效率和限制氣候變遷造成實際影響的公司，以使本基金投資組合的碳足跡與 2015 年 12 月《巴黎氣候協定》一致。

本基金旨在投資那些對於社會和環境發展具有良好影響力的公司。環境、社會和公司治理（ESG）政策與傳統財務方法一併納入衡量，以確定負責和有效的資本管理及提供對於投資的長期價值，風險和潛在持續的報酬有更完整的觀點。評估 ESG 問題通常包括以下要素：1) 在環境方面，公司如何管理其對於環境的影響(能源使用、氣候變化、廢棄物、污染、自然資源保護)； 2) 在社會方面，公司如何管理與員工、供應商、客戶和經營所在社區的關係(人權、勞工標準、員工敬業度、社區關係、資料保護和隱私、性別與多元性)；以及 3) 在公司治理方面，公司如何架構其監管，以確保盡責和有效的管理（公司領導、獨立董事程度、高階管理層薪酬、獨立審計和內部控制、股東權益）。投資經理評估 ESG 的方法，還包括定期與公司對話，監控重要的 ESG 問題和投票代理。

本基金的永續投資目標（在《SFDR》第 9 條含義內）、本基金適用的投資策略和其他 ESG 除外條款，詳見 [附錄 G]。

由於具有彈性及可行性的投資政策較可能使本基金達成其投資目標，本基金可能在其他類型的證券裡尋求投資機會，例如特別股、可轉換普通股證券及固定收益證券。本基金也得投資不超過其淨資產的 10%於可轉讓證券集體投資企業（UCITS）、指數股票型基金（“ETFs”）及其他集合投資事業（UCIs）所發行的單位。

為了實現其投資目標和財務目的，本基金得依據所適用的投資限制持有大量的銀行存款、貨幣市場工具或是貨幣市場基金（最高可達其淨資產的 100%）。

本基金也得為避險及效率投資組合管理運用金融衍生性商品。這些金融衍生性商品可能包括互換交易、貨幣遠期契約、期貨契約(包括股票、股票指數、利率和貨幣的期貨契約)、股票以及股票指數選擇權、股權連結證券，以及選擇權（包括掩護性買權以及權證）。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金之淨資產 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 本基金符合歐盟永續金融揭露規範(SFDR)第九條
- 尋求藉由投資於提供緩解和/或適應氣候變化風險的解決方案的全球性公司的股權證券，同時達

- 成資本增值機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 外幣風險
- 市場風險
- 永續發展風險

與本基金相關的其他風險：

- 中國市場風險
- 股份等級避險風險
- 可轉換及混合證券風險
- 交易對手風險
- 衍生性金融商品風險
- 新興市場風險
- 股票風險
- 流動性風險
- 證券借貸風險

全球曝險：

採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林坦伯頓投資管理公司(Franklin Templeton Investment Management Limited)

投資經理公司已就其職責將一些或全部本基金資產有關之全部或部分日常投資管理職責及投資諮詢服務委任予富蘭克林坦伯頓投資公司 (Franklin Templeton Investments Corp.)、坦伯頓全球顧問公司 (Templeton Global Advisors Limited)，其被指派為次投資經理公司。

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

全球股票收益基金（本基金之配息來源可能為本金）

〔 Templeton Global Equity Income Fund 〕

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金的投資目標是提供當期收益與長期資本增值。

投資政策：

在一般市場狀況下，本基金將建立廣泛投資於全球股權證券的投資組合。本基金藉由投資於投資經理公司認為具有誘人收益的股票以追求收入。投資經理公司尋求機會，投資於價值被低估或雖然不被看好，但未來可提供當期收益或資本增值機會的證券。藉由投資於世界各國（包含新興市場）的各種產業的公司股權證券來達成資本增值的目標。

由於具有彈性及可行性的投資政策較可能使本基金達成其投資目標，本基金可能在其他類型的可轉讓證券裡尋求投資機會，例如債券及固定收益證券。

本基金也得為避險、效率投資組合管理及投資目的而運用金融衍生性商品。這些金融衍生性商品得於受管轄市場或櫃檯買賣市場交易，可能包括尤其是互換交易（例如信用違約互換交易或總報酬互換交易）、遠期交易和交叉遠期交易、期貨契約（包括股票、股票指數、利率、貨幣及政府證券的期貨契約）以及選擇權（包括掩護性買權）註。本基金或將購買參與憑證，或股票連結債，其證券連結於或是其價值源自其他的證券，或是連結於任何國家資產或貨幣。

本基金也得分派資本、已實現和未實現淨資本利得，以及未扣減費用之收益，其得允許較多的收益被分配而可能也有減少本金的影響。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由股票投資達成資本增值與獲取當期收益機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 外幣風險
- 市場風險

與本基金相關的其他風險：

- 中國市場風險
- 交易對手風險
- 衍生性金融商品風險
- 配息政策風險
- 新興市場風險
- 股票風險
- 流動性風險
- 參與憑證風險
- 證券借貸風險
- 結構型商品風險
- 互換交易協定風險

全球曝險：

採用承諾法計算本基金的全球曝險。

投資經理公司：坦伯頓投資顧問有限責任公司 (Templeton Investment Counsel, LLC)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

全球基金 〔 Templeton Global Fund 〕

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金之投資目標在於追求資本增值。

投資政策：

本基金藉由投資於全球各地(包括新興市場)的公司所發行的股票以達到投資目標。本基金主要投資於普通股。

由於具有彈性及可行性的投資政策較可能使本基金達成其投資目標，本基金可能在其他類型的證券裡尋求投資機會，例如美元和非美元計價之特別股、可轉換普通股證券及固定收益證券。

本基金也得為避險、效率投資組合管理以及投資目的而運用金融衍生性商品。這些金融衍生性商品可能包括尤其是期貨契約(包括股票、股票指數、利率和貨幣的期貨契約)、遠期交易以及選擇權。使用金融衍生性商品可能導致在特定資產類別、收益曲線/存續期間或是貨幣的負曝險部位。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的5%，最高可超過50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資於全球分散投資股票型基金的價值被低估股票，來達成資本增值機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 新興市場風險
- 外幣風險
- 市場風險

與本基金相關的其他風險：

- 中國市場風險
- 可轉換及混合證券風險
- 交易對手風險
- 股票風險
- 流動性風險
- 證券借貸風險

全球曝險：

採用承諾法計算本基金的全球曝險。

投資經理公司：坦伯頓全球顧問公司(Templeton Global Advisors Ltd.)

費用揭露：請參閱附錄E有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

全球非投資等級債券基金（原名為：全球高收益基金）（本基金之配息來源可能為本金）

〔 Templeton Global High Yield Fund 〕

資產類別：固定收益型基金

基本計價幣別：美元

投資目標：本基金之投資目標在於獲取高水平的當期收益。次要投資目標在於追求長期資本增值，但前提是要能與首要投資目標相一致。

投資政策：

本基金主要投資於全球發行公司的債務證券(包括非投資等級證券)，包括新興市場。為尋求達成其投資目標，債務證券應包含所有各類固定與浮動利率的收益證券(包括透過受以下限制的受管轄投資基金的銀行貸款)、債券、抵押權或其他資產擔保證券(包括擔保債務憑證)及可轉換證券。本基金可能將不超過其淨資產的30%透過債券通或直接投資於中國銀行間債券市場(CIBM direct)方式投資於中國。本基金也得為避險、效率投資組合管理以及投資目的而運用金融衍生性商品。這些金融衍生性商品得於受管轄市場或櫃檯買賣市場交易，可能包括尤其是互換交易(例如信用違約互換交易或固定收益相關總報酬互換交易)、遠期交易和交叉遠期交易、期貨契約(包括政府證券的期貨契約)以及選擇權。使用金融衍生性商品可能導致在特定收益曲線/存續期間、貨幣或是信用的負曝險部位。此外，本基金得投資於股權證券、信用連結證券以及貨幣市場工具，並可能透過受管轄投資基金而有浮動利率貸款的曝險。本基金也得投資不超過其淨資產的10%於可轉讓證券集體投資企業(UCITS)及其他UCIs所發行的單位，及不超過其淨資產的10%於違約債券。

本基金可能將不超過其淨資產的25%投資在單一主權發行人(包括其政府、公共或地方機關)所發行或擔保之信評低於投資等級的債務證券。

本基金也得分派資本、已實現和未實現淨資本利得，以及未扣減費用之收益，其得允許較多的收益被分配而可能也有減少本金的影響。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的5%，最高不超過50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求透過全球發行公司之非投資等級債務證券組合來獲得高水平收益和資本增值前景之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 交易對手風險
- 信用風險
- 債權證券風險
- 衍生性金融商品風險
- 新興市場風險
- 外幣風險
- 流動性風險
- 市場風險

與本基金相關的其他風險：

- 中國市場風險
- 可轉換及混合證券風險
- 信用連結證券風險
- 配息政策風險
- 重整公司風險

- 證券借貸風險
- 證券化風險
- 互換交易協定風險

全球曝險：採用風險價值法(相對風險價值 relative VaR)計算本基金的全球曝險。

相對風險價值的參考指標是由摩根大通全球非投資等級債券指數 (J.P. Morgan Global High Yield Index) (50%)、摩根大通新興市場債券全球指數 (J.P. Morgan Emerging Markets Bond Index Global (EMBIG)) (25%) 以及摩根大通新興市場當地貨幣公債指數 (J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM)) (25%) 所組成的混合指標。

本基金的期望槓桿水平應相當於 120%。期望槓桿水平僅是預估值，並且有可能須承受較高的槓桿水平。採用的水平計算方法為名日本金總額。此包含有關金融衍生性工具的名日本金曝險，但不包括本基金所持有的投資部位，該投資部位佔總資產的 100%。

投資經理公司：富蘭克林顧問公司 (Franklin Advisers, Inc.)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

中小型企業基金 〔 Templeton Global Smaller Companies Fund 〕

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金之投資目標是追求長期增值。

投資政策：

本基金藉由投資於世界各地（包括新興市場）的中小型公司所發行的股權證券來達到投資目標。本基金主要投資於上述中小型公司之普通股。為了本基金投資目標，小型公司通常指市值於首次申購時在摩根史坦利資本國際所有國家世界中小型企業指數（“指數”）所列市值範圍內的公司。本基金得繼續持有證券至其市值超過該指數所包括的公司市值的範圍。若該證券在首次申購時符合資格，只要本基金持有該證券的期間，則仍有資格獲得額外的申購。

本基金也得投資於全球包括新興市場的小型公司之債務憑證。債權證券代表發行公司有義務償還貸款本金而且通常會支付利息。債權證券包括債券，短票以及公司債券。

由於具有彈性及可行性的投資政策較可能使本基金達成其投資目標，本基金可能在市場資本價值較大的公司，或在其他類型的證券裡尋求投資機會，例如以美元或非美元計價的特別股、可轉換成普通股之股票以及固定收益證券。

本基金得為避險以及效率投資組合管理而運用金融衍生性商品。這些金融衍生性商品可能包括但不限於互換交易、遠期交易、期貨契約（包括股票、股票指數、利率和貨幣的期貨契約）、股票選擇權和股票指數選擇權、股權連結債券，以及選擇權（包括認股權證）。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高可超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資於全世界價值被低估的小型企業以達成長期資本增值機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 外幣風險
- 流動性風險
- 市場風險
- 中小型公司風險

與本基金相關的其他風險：

- 中國市場風險
- 可轉換及混合證券風險
- 交易對手風險
- 衍生性金融商品風險
- 新興市場風險
- 股票風險
- 證券借貸風險
- 認股權證風險

全球曝險：

採用承諾法計算本基金的全球曝險。

投資經理公司：坦伯頓投資顧問公司 (Templeton Investment Counsel, LLC)

投資經理公司已就其職責將一些或全部本基金資產有關之全部或部分日常投資管理職責及投資諮詢服務委任予富蘭克林坦伯頓投資公司(Franklin Templeton Investments Corp.)，其被指派為次投資經理公司。

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

全球債券總報酬基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)

[Templeton Global Total Return Fund]

資產類別：固定收益型基金

基本計價幣別：美元

投資目標：本基金的主要投資目標是透過堅實的投資管理，追求利息收益、資本增值及匯兌收益所組成的總投資報酬極大化。

投資政策：

本基金為尋求達成其投資目標主要投資於全世界各國政府以及政府所屬相關機構或是企業所發行的固定和浮動利率的債權證券及債權憑證(包括投資等級及非投資等級證券)的投資組合。本基金亦可投資在由多國政府所組織或支援的跨國性組織，例如國際復興開發銀行或歐洲投資銀行所發行的債權憑證。

本基金採用專屬的環境、社會及公司治理(ESG)評級方法以評估政府債券發行人，投資組合的決定係依對宏觀經濟表現具重要性的子分類組合。研究團隊透過他們的觀點在由全球指數對近期的分數所建立的指標上對所有投資的國家分配分數。在研究過程中的一部分，強調所預測的數字在中期期間將在某種預期的情況下會改變。優先選擇ESG評級較高的國家或預期對ESG評級從中立至提高的國家。ESG的子分類組合、權重以及使用的全球指數可能會隨時間變化。投資經理公司在所有潛在和目前的持股執行ESG評級方法，但採用此方法的結果與投資組合建構有所不同。

本基金得為避險、效率投資組合管理以及投資目的而運用金融衍生性商品。這些金融衍生性商品得於受管轄市場或櫃檯買賣市場交易，可能包括尤其是互換交易(例如信用違約互換交易、利率互換交易或固定收益相關總報酬互換交易)、遠期交易和交叉遠期交易、期貨契約(包括政府證券的期貨契約)以及選擇權。使用金融衍生性商品可能導致在特定收益曲線/存續期間、貨幣或是信用的負曝險部位。本基金亦可在不違反本基金之投資限制之下，投資於證券或是結構型商品(例如信用連結證券、商用和住宅用不動產抵押證券以及擔保債務憑證，包括擔保貸款憑證)其證券連結於或是其價值源自於其他的證券，或是其連結於任何國家的資產或貨幣。本基金也可能購買抵押貸款或資產擔保證券以及可轉換債券。本基金可能將不超過其淨資產的30%透過債券通或直接投資於中國銀行間債券市場(CIBM direct)方式投資於中國。本基金得持有不超過10%的淨資產投資於違約證券。本基金可以購買以任何幣別計價的固定收益證券及債權憑證，亦得持有由特別股或債權憑證轉換或交換而得來之股票。本基金也得投資不超過其淨資產的10%於可轉讓證券集體投資企業(UCITS)及其他UCIs所發行的單位。本

為了實現其投資目標和財務目的，本基金得依據所適用的投資限制持有大量的銀行存款、貨幣市場工具或是貨幣市場基金(最高可達其淨資產的100%)。

基金也得投資參與抵押美元交易。本基金得利用美國國庫券期貨契約來協助處理有關利率和其他市場要素之風險、增加流動性以及快速有效地使新增現金投入證券市場，或若是需要現金以因應股東的贖回要求，以及移除基金資產之市場曝險。在輔助的基礎上，本基金可能因投資於指數基礎的金融衍生性商品以及信用違約互換交易而曝險於債券市場指數。

本基金可能將不超過其淨資產的25%投資在單一主權發行人(包括其政府、公共或地方機關)所發行或擔保之信評低於投資等級的債權證券。

本基金也得分派資本、已實現和未實現淨資本利得，以及未扣減費用之收益，其得允許較多的收益被分配而可能也有減少本金的影響。

總報酬互換交易曝險：

可能受總報酬互換交易(非融資性)影響之期望曝險水準相當於基金淨資產的5%，最高不超過10%。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的5%，最高不超過50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求達成結合利息收益、資本增值與匯兌收益的最大總投資報酬之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 交易對手風險
- 信用風險
- 債權證券風險
- 衍生性金融商品風險
- 新興市場風險
- 外幣風險
- 流動性風險
- 市場風險

與本基金相關的其他風險：

- 中國市場風險
- 股份等級避險風險
- 可轉換及混合證券風險
- 信用連結證券風險
- 配息政策風險
- 證券借貸風險
- 結構型商品風險
- 互換交易協定風險

全球曝險：採用風險價值法(相對風險價值 relative VaR)計算本基金的全球曝險。

相對風險價值的參考指標是由彭博環球多元債券指數 (Bloomberg Multiverse Index) (50%)、彭博全球非投資等級債券指數(Bloomberg Global High-Yield Index)(25%)、摩根大通全球新興市場債券指數(J.P. Morgan Emerging Markets Bond Index Global(EMBIG))(12.5%)以及摩根大通新興市場當地貨幣公債指數(J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM))(12.5%)所組成的混合指標。

本基金的期望槓桿水平應相當於 200%。期望槓桿水平僅是預估值，並且有可能須承受較高的槓桿水平。採用的水平計算方法為名日本金總額。此包含有關金融衍生性工具的名日本金曝險，但不包括本基金所持有的投資部位，該投資部位佔總資產的 100%。

投資經理公司：富蘭克林顧問公司 (Franklin Advisers, Inc.)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

成長(歐元)基金 (Templeton Growth (Euro) Fund)

資產類別：股票型基金

基本計價幣別：歐元

投資目標：本基金之投資目標在於追求資本增值。

投資政策：

本基金主要投資位於世界各地(包括新興市場)公司的普通股及特別股。

股權證券通常賦予持有人參與公司的一般營運成果。本基金亦投資於美國、歐洲以及全球的存託憑證。這些憑證通常是由銀行及信託公司所發行，給予持有人獲得由外國或本國公司所發行之證券的權利。存託憑證並不能排除對在其他國家營運的標的公司股份的貨幣及經濟風險。

視市場現況而定，本基金也將不超過淨資產的25%投資於位於世界各地的政府以及公司所發行的債權證券。債權證券代表發行公司有義務償還貸款本金而且通常會支付利息。債權證券包括債券、票券(包括股權連結商品)以及公司債券。

本基金也得為避險及效率投資組合管理而運用金融衍生性商品。這些金融衍生性商品可能包括尤其是期貨契約(包括股票、股票指數、利率和貨幣的期貨契約)、遠期交易以及選擇權(例如股票選擇權、股票指數選擇權)。使用金融衍生性商品可能導致在特定資產類別、收益曲線/存續期間或是貨幣的負曝險部位。

在選擇股權投資方面，投資經理公司著重在公司證券的市價相對於公司的長期盈餘，資產價值現金、流量潛力的評估，以及投資經理公司認為適用於決定公司價值的其他衡量方法。

基金名稱亦反映了本基金是以歐元為計價貨幣，但是並不必然意味本基金有任何特定部位的淨投資資產是為歐元。

本基金可能將總金額不超過其淨資產之10%投資在中國A股(透過滬港通或深港通)及中國B股。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的5%，最高不超過50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

-
- 尋求藉由投資於以歐元計價之全球分散投資股票型基金的價值被低估股票，來達成資本增值機會之投資人
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 新興市場風險
- 外幣風險
- 流動性風險
- 市場風險

與本基金相關的其他風險：

- 中國市場風險
- 交易對手風險
- 衍生性金融商品風險

- 股票風險
- 證券借貸風險
- 結構型商品風險

全球曝險：

採用承諾法計算本基金的全球曝險。

投資經理公司：坦伯頓全球顧問公司 (Templeton Global Advisors Limited)

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

拉丁美洲基金 〔 Templeton Latin America Fund 〕

資產類別：股票型基金

基本計價幣別：美元

投資目標：本基金的投資目標在於資本增值。

投資政策：

在正常市場情況下，透過主要投資於股權證券及輔助方式投資於債權證券的投資政策以求達成目標，其證券發行者為依法設立或是主要業務活動在拉丁美洲地區的發行機構。拉丁美洲地區包括但不限於以下國家：阿根廷、貝利茲、波里維亞、巴西、智利、哥倫比亞、哥斯大黎加、厄瓜多、薩爾瓦多、法屬圭亞那、瓜地馬拉、圭亞那、宏都拉斯、墨西哥、尼加拉瓜、巴拿馬、巴拉圭、秘魯、蘇利南、千里達/貝哥、烏拉圭及委內瑞拉。本基金也可能會將剩餘的淨資產投資於上述以外其他國家公司或政府所發行之股權證券及債權證券。

由於具有彈性及可行性的投資政策較可能使本基金達成其投資目標，本基金可能在其他類型的證券裡尋求投資機會，例如非以拉丁美洲貨幣如美元或歐元計價的特別股、可轉換成普通股之股票以及固定收益型證券。

證券借貸交易曝險：

可能受證券借貸交易影響之期望曝險水準相當於基金淨資產的 5%，最高不超過 50%。

投資人剖析：

考量上述之投資目標，本基金可能訴諸以下投資人：

- 尋求藉由投資拉丁美洲、包括新興市場的股票來達成資本增值機會之投資人。
- 預計持有投資時間為中長期。

風險考量：

本基金投資策略的主要風險：

- 新興市場風險
- 外幣風險
- 流動性風險

與本基金相關的其他風險：

- 股份等級避險風險
- 可轉換及混合證券風險
- 交易對手風險
- 股票風險
- 邊境市場風險
- 證券借貸風險

全球曝險：

採用承諾法計算本基金的全球曝險。

投資經理公司：富蘭克林顧問公司(Franklin Advisers, Inc.)

投資經理公司根據其職責，就一些或全部本基金的資產，委任富蘭克林坦伯頓投資(巴西)公司(Franklin Templeton Investimentos (Brasil) Ltda)作為次投資經理公司，執行全部或部份日常投資管理責任以及投資諮詢服務。

費用揭露：請參閱附錄 E 有關富蘭克林坦伯頓全球投資系列基金收費及費用的完整敘述。

風險考量

投資人在投資任何基金之前，應參閱本“風險考量”章節。

當任何基金所持有的證券價值增加時股份的價值則會增加，並且當基金的投資價值減少時股份的價值則會減少。因此，投資人參與了相關基金所持有的證券價值之任何變動。除了影響基金所持有之任何特定證券價值的因素之外，基金股份的價值也可能隨著整體股票與債券市場的動向而變動。

基金視其投資目標而定，可能持有不同類型的證券或是不同的資產等級，例如：股票、債券、貨幣市場工具、金融衍生性商品工具等。

不同的投資有不同類型的投資風險。基金視其所持有之證券而定，也會有不同種類的風險。本“風險考量”章節包含適用於個別基金之不同種類的投資風險摘要。請參閱本公司的公開說明書“基金資訊、目標及投資政策”章節所載適用於個別基金的主要投資風險。投資人應留意有時其他風險也可能與基金相關。

一般風險

本單元所說明的一些風險係適用於所有基金，但是無意聲稱其為完整說明，而且有時其他風險也是相關的。特別是，本公司的表現可能會因為市場以及/或是政經狀況、法律、條例及稅賦要求的變動而受到影響。無法確保或代表所承做的投資方案將會成功並且無法保證將會達成基金的投資目標。再者，過去的表现並無法確保未來的表現而且投資的價值可能上下起伏變化。貨幣間的匯率變動可能造成基金投資的價值減少或增加。

本公司或是任何其基金可能曝險於非其所能控制的外在風險，例如：法律及條例風險其來自於投資國家的法律不明確與變動、缺乏已建置或有效的法律救濟管道、或是由於基金在非歐盟管轄區域註冊的結果使得基金得遵從更加約束的規範制度（沒有任何通知給有關的基金股東）而可能妨礙基金善盡投資限制範圍。監管機關、自律組織以及證交所已被授權在市場緊急事件下得以採行非常性的行動。加諸本公司的任何未來規範行動的效力可能是重大且不利的。本基金可能曝險於恐怖份子行動的風險、受特定國家的經濟及外交制裁的干擾以及已開始軍事行動的風險。這類事件的衝擊並不明確，但是對於一般經濟狀況及市場流動性可能產生實質的影響。提醒投資人在一些特定狀況下其贖回股份的權利可能會暫停，敬請詳見附錄D的說明。

本公司或是任何其基金可能曝險於作業風險，其為存在於作業流程的風險，包括：資產保管、評價及交易處理的作業流程可能有誤而導致損失。失誤的潛在原因可能是人為失誤、實體或電子系統失誤以及其他業務執行風險與外部事件所引起。

非洲市場風險

在新興市場國家投資所涉及的風險已載於以下“新興市場風險”單元。投資在非洲市場或是在非洲獲取可觀收入或主要營運在非洲的公司所涉及的風險與投資在新興市場

的風險相似但是涉及更多的風險，因為非洲市場通常是規模較小、較低度開發並且較大部分的新興市場更難以進入。非洲市場有傾向於遭受更大的政治、社會與經濟不穩定性，且其在資訊透明、道德實踐和公司治理方面都較新興市場不健全。在非洲市場交易的股份可能價格會高度波動、承受缺乏流動性與資訊透明度，以及較高的財務風險。許多非洲市場也較依賴於萃取工業或農業，因此會受到被萃取或種植商品的價格波動影響。

模型風險

為了執行基金的投資政策，投資經理公司以及/或是共同投資經理公司得使用模型系統。無法確保這些模型系統是完整的、精確的或是做為未來市場景氣循環的代表，假使這些系統是精準的也未必一定將對基金截然有利。由這些模型所產生的投資績效可能與預期不同，也可能對基金績效有負面影響。在這些模型所使用的金融規則系統與公式的建置、使用、測試以及調整係由人為判斷。此外，還有歷史資料可能不正確或是因新事件而失去時效，或是模型無法迅速地偵測到情勢變遷的可能性。市場績效表現可能受到非量化因素的影響（例如：市場或交易系統失能、投資人恐慌或過度反應，或是其他情緒性考量）其並不容易融入投資經理公司以及/或是共同投資經理公司的風險模型。計量模型的建構及執行也還有技術面的問題（例如：軟體或其他技術機能不全，或是編製程式的不正確性）。

中國市場風險

與中國市場相關的風險類似以下敘述的“新興市場風險”。隨著政府具有更大的資源分配權力，隨之而來地普遍存在於這類市場的風險係政治和法律的不確定性、匯率波動和封鎖，改革缺乏政府支撐或是資產的國有化和徵收。這類風險會對相關基金的績效產生負面的影響。

中國市場正經歷經濟上的改革，這些地方分權的改革是史無前例或是試驗性的，且須承受這些修改在經濟表現以及相關基金的證券價值上不可能總是有正面的成果。在中國市場交易的可能會受到一系列聲譽風險的影響，比如公司受制於網路濫用、對制裁的擔憂，以及對勞工和人權、環境惡化、與高風險國家和海外實體的關係等的負面指控。

中國經濟也是出口導向並對貿易有高度依存性，其主要貿易對手如美國、日本和南韓經濟狀況的不利變化對中國經濟和相關基金投資將產生負面的衝擊。

近年來，香港內部的政治緊張局勢升高。此加劇的政治緊張局勢可能會對香港的政治和法律結構產生潛在影響，其也可能影響投資人和企業對香港的信心，進而可能影響市場和企業業績。

有關基金在中國投資的已實現資本利得，依照目前中國稅法、法規和慣例亦存在風險和不確定性（可能具有追溯效力）。基金的任何稅項負債增加都可能對基金的價值產生不利影響。

投資於中國市場的基金也可能會面臨以下其他的特定風險：

中國債券通風險

債券通是一項共同市場准入計劃，允許海外投資者經由中國內地與香港基礎設施機構間之連接無配額限制機制，得以交易在中國銀行間債券市場（以下稱 CIBM）流通的債券。

北向交易已於 2017 年 7 月 3 日開通，透過在交易、託管和結算等方面的共同准入協定使得業務得以進行，其涉及中國外匯交易中心、中央國債登記結算有限責任公司、上海清算所、香港交易及結算所有限公司以及債務工具中央結算系統（以下稱 CMU）。為透過債券通計劃進行交易所建置之款券對付（DVP）結算系統於 2018 年 8 月實施，從而降低了結算風險。

最終的外國合格投資者是相關 CIBM 債券的實益受益人，並且可透過 CMU 作為名義持有人行使其對債券發行人的權利。名義持有人得行使其債權，並於中國法庭對債券發行人提起訴訟。

CIBM 證券經由債券通交易可能面臨的風險包括但不限於交易對手違約風險、交割風險、流動性風險、作業風險、監管風險、中國稅務風險以及聲譽風險。

債券通包含最近開發的交易系統。無法確保這些系統將正常運行或是不會受到另外的改變或調整。

通過債券通交易的證券也將面臨下文“中國銀行間債券市場(CIBM)直接風險”所述的風險。

中國銀行間債券市場(CIBM)直接風險

一些基金可能會選擇直接在中國境內債券市場（中國銀行間債券市場或 CIBM）進行交易，因為這樣可以接觸到更多種類的產品和交易對手。CIBM 還允許以人民幣進行交易，而不是在債券通中以離岸人民幣進行交易。

CIBM 交易可能承擔特定風險，其中市場波動和潛在的流動性缺乏可能導致某些債務證券的價格大幅波動。因此，投資於該市場的基金面臨流動性和波動性風險，並可能在交易在岸中國債券時蒙受損失。

就基金在中國境內的中國銀行間債券市場進行交易而言，本基金也可能面臨與結算程序和交易對手違約相關的風險。與本基金進行交易的對手方可能會違反其通過交付相關證券或以有價支付方式結算交易的義務。

中國銀行間債券市場也面臨監管風險：相關規則和法規可能會發生變化，可能具有潛在的追溯效力。如果中國內地有關部門暫停在 CIBM 的開戶或交易，本基金投資於 CIBM 的能力將受到不利影響。在此情況下，基金實現其投資目標的能力可能會受到負面影響。

中國內地稅務機關並沒有針對合格境外投資者通過債券通交易在銀行間債券市場交

易應繳納的所得稅和其他稅種的處理作出具體的書面指引。

中國合格境外投資者風險

本公司可透過合格境外投資者(QFI)之投資組合投資中國A股。這類QFI計劃已獲得中國證券監督管理委員會的授權，因此允許在中國之證券市場(中國A股)進行投資。法律、法規及允許合格境外機構投資者投資中國A股之措施、政府政策及中國之政經氛圍的改變可能會無事前通知。任何改變可能會對市場環境及中國經濟成果，且對中國A股的價格有不利的影響。

贖回中國A股可能取決於影響投資人將投資變現，並將所得款項匯出中國的能力之中國法律和慣例。匯回限制及任何失敗或延遲須獲得中國當局的相關批准，可能會限制相關投資組合滿足任何或所有贖回申請於特定日期贖回的能力。

投資QFI的投資組合和/或中國A股之基金投資人應特別被告知，該基金持有證券的流動性可能會受到很大限制，因此可能會影響基金符合贖回要求的能力。

滬港通及深港通風險

某些基金得透過滬港通以及/或深港通(合稱“股票互通機制”)而直接投資於某些合資格中國A股。此滬港通是由香港交易及結算所有限公司(簡稱“HKEX”，香港交易所)、上海證券交易所(簡稱“SSE”，上證所)以及中國證券登記結算有限責任公司(簡稱“ChinaClear”，中國結算)。深港通由香港交易所、深圳交易所(簡稱“SZSE”，深交所)以及中國結算的證券交易以及結算所連結的機制，股票互通機制旨在達到進入中國及香港互聯互通市場。

股票互通機制包含兩種北向交易聯繫，其一為上證所(SSE)與香港聯合交易所有限公司(簡稱“SEHK”，聯交所)以及另一方為深交所(SZSE)與聯交所(SEHK)之間，將允許外國投資人在上證所(SSE)或深交所(SZSE)(上海交易所以及深圳交易所合稱為股票互通證券)透過他們的香港經紀商交易合資格中國A股。

上證所(SSE)包括上證180指數的成份股、上證380指數的所有不時變動的成份股，以及不在上述指數成份股內但有H股同時在聯交所(SEHK)掛牌及於上證所(SSE)掛牌的A股，但下列股票除外：(i)所有以人民幣以外貨幣報價的上證所(SSE)掛牌股票，以及(ii)那些被實施風險警示的上證所(SSE)掛牌股票。符合條件的證券可能須經中國監管機關隨時審查核准。深交所(SZSE)包括深圳證券投資指數及深交所(SZSE)的中小型企業創業投資指標其資本總額至少為60億人民幣之所有不時變動的成份股，以及不在上述指數成份股內但有H股同時在聯交所(SEHK)掛牌及於深交所(SZSE)掛牌的A股，除了上述深交所(SZSE)掛牌股票，但下列除外：(i)不以人民幣報價和交易(ii)列入風險警示(iii)已經深交所(SZSE)所暫停掛牌和(iv)於準備下市期間。符合條件的證券可能須經中國監管機關隨時審查核准。

更多有關滬港通的資訊，得於

http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/Documents/Investor_Book_En.pdf
網站線上查詢。

除了與中國市場關聯的風險及有關人民幣投資風險以外，透過股票互通機制的投資尚

須承受更多的風險，即：額度限制、暫停風險、操作風險、前端監控對賣出的限制、合資格股票的調出、結算交割風險、中國A股名義持有人約定以及法規風險。

額度限制

此機制受到每日配額限制，其可能限制基金透過機制投資在股票互通證券的能力，特別是，一旦北向交易聯繫每日配額減少至零時，或者超過北向交易聯繫每日配額限制，則新的投資將被拒絕(雖然無論額度餘額剩餘多少，投資人將被允許售出他們的跨境證券)。

暫停風險

為了確保有秩序與公平的市場以及審慎地管理風險，如有必要時，聯交所(SEHK)、深交所(SZSE)和上證所(SSE)將保留暫停交易的權利，其對於相關基金進入中國市場投資的能力有著負面的影響。

交易日差異

股票互通僅在香港與中國雙方均開市，以及兩個市場上在相應的交割日均提供銀行服務的時間內在對方市場上交易。所以，有可能會發生當中國市場是正常交易日，但是香港投資人(例如基金)卻不夠執行任何中國A股交易，而造成這些基金可能需承受中國A股在股票互通沒有交易時的價格變動風險。

前端監控對賣出的限制

中國法規要求投資人賣出任何股份之前，帳戶內必須有足夠的股份；否則深交所(SZSE)以及上證所(SSE)將拒絕受理有關的賣出指示。聯交所(SEHK)對其參與者(即股票經紀商)的中國A股賣出指示將進行交易前檢查，以確保沒有賣空的情形。

結算交割及存管風險

香港中央結算有限公司(簡稱“HKSCC”，香港結算，香港交易所全資附屬公司)以及中國結算建置滬港結算通，並互相成為對方的參與者以利於跨境交易的結算及交割。作為中國證券市場的國家中央交易對手，中國結算運作結算、交割及股票存管基礎建設的綜合性網絡業務。中國結算已建置風險管理架構及業經中國證券監督管理委員會(簡稱“CSRC”，中國證監會)核准及監督的管理措施。中國結算違約的機會可算是微乎其微。

萬一發生罕見的中國結算違約事件且中國結算被宣佈為失責者時，香港結算(HKSCC)將善意地尋求透過可用的法律途徑或是透過中國結算的清算從中國結算追討所欠的股票和款項。在此種情況下，相關基金可能在追討賠償過程遭受拖延牽累或是可能無法徹底地從中國結算獲得損失的彌補。

通過股票互通交易的中國A股是以無紙化形式發行，因此投資人，例如相關基金，將不會持有任何中國A股的實物股票。透過北向交易獲取股票互通證券的香港及海外投資人，例如基金，應將聯交所(SEHK)證券的擁有權保存在其經紀商或託管人參與香港結算(HKSCC)為結算在聯交所(SEHK)掛牌或交易證券而運作中央結算及交割系統的股票帳戶記錄中。更多有關股票互通託管人機構資訊得向本公司註冊辦公處垂詢。

操作風險

滬港通為香港及海外投資人，例如基金，提供了直接進入中國股市的一個新管道。滬港通的運作是以相關市場參與者的業務系統正常運作為前提的。市場參與者須符合一定的資訊技術能力、風險管理以及其他可能由相關交易所以及/或是結算所明訂的要求後，才能夠參與此計劃。

市場參與者應當體認到兩地市場的證券制度及法律制度有顯著不同又為了讓試驗程式運行，其可能需要一段持續的時間解決此等差異所引發的問題。

再者，在滬港通程式中的“連接性”要求跨境傳送買賣盤。這需要聯交所和交易所參與者研發新的資訊技術系統(即新的買賣盤傳送系統(“滬港通交易系統”)，由聯交所構建、交易所參與者須要連接)。無法確保聯交所和市場參與者的系統將正常運行或是將根據這兩個市場的變化和發展不斷更新。在相關系統無法正常運行的情況下，通過該程式在兩個市場內進行的交易可能被迫中斷。相關基金投資於中國A股的能力(以及因此追求其投資政策)將有負面的影響。

中國A股名義持有人議定

香港結算(HKSCC)是海外投資人(包括相關基金)透過股票互通證券取得的“名義持有人”。中國證監會股票互通規定，根據適用的法律提供投資人(例如：基金)享有透過股票互通取得股票互通證券的權利和利益。然而，中國法院可能認為登記為股票互通證券持有人之任何名義持有人或是保管機構其擁有完整的所有權，而且即使受益人的觀念根據中國法律是被承認的，那些股票互通證券將形成該等機構的資產池其部分可供分配予此類機構的債權人以及/或是因此受益人可能絲毫沒有權利。所以，相關基金及保管機構無法在所有的情況下確保本基金在這些證券的所有權或是資格都能得到保證。

香港結算(HKSCC)依據中央結算及交割系統規定執行在聯交所(SEHK)掛牌或交易證券的結算作業，就在中國或在別處的上交所證券而言，香港結算(HKSCC)作為名義持有人將沒有責任代表投資人為了主張任何權利而採取任何的法律行動或是法院訴訟。因此，雖然相關基金的所有權可能最終是被承認的，但是這些基金主張其在中國A股的權利可能會遭受困難或是拖延。

香港結算(HKSCC)被視為執行透過其所持有資產的安全保護功能，惟應注意保管機構及相關基金與香港結算(HKSCC)是沒有法律關係，在基金遭受香港結算的業績或是無力償還造成損失的事件上也沒有直接的法律資源不利於香港結算(HKSCC)。

投資人賠償

相關基金依據滬港通透過北向交易的投資將不會受到香港投資人賠償基金的保護。建立香港投資人賠償基金是為了任何國籍投資人因為和香港交易所產品有關的許可中介機構或是授權金融機構的違約而遭受金錢虧損時得以支付損失賠償。

因為經由滬港通在北向交易的違約事件並沒有涉及在聯交所或香港期交所掛牌或交易的商品，因此香港投資人賠償基金並不涵蓋任何北向交易。另一方面，因為相關基金是透過香港證券商而非中國證券商來進行北向交易，因此香港證券商也不會受到中國的中國證券商投資人保護基金的保護。

交易成本

除了支付交易費用以及與中國A股交易相關的印花稅，相關基金可能須支付新的投資組合費用、股利稅以及對股權移轉產生收益的徵稅，不過相關主管機關尚未決定該徵稅。

中國稅務考量

管理公司以及/或是投資經理公司保留權利提供相關基金投資於中國證券利得的稅項，因此將對相關基金的評價產生影響。中國證券的特定利得是否及如何徵稅的不確定性、在中國的法律、條例及施行細則變動的可能性及適用的稅項溯及以往的可能性，使得管理公司以及/或是投資經理公司所提撥的稅項預備款可能超出或是不足以應付來自處分中國證券利得的最終中國稅務負擔。因此，投資人可能佔優勢或是劣勢端賴該等利得將如何被徵稅、稅項預備款水準以及投資人於何時從相關基金購買以及/或是賣出其股份的最終結果。

於2014年11月14日，中國財政部、國家稅務總局及中國證監會聯合發佈《關於滬港股票市場交易互聯互通機制試點有關稅收政策的財稅[2014]81號通知》（簡稱，“81號通知”）。根據81號通知，自2014年11月14日起香港及海外投資人（例如：基金）透過滬港通交易中國A股的利得將可獲暫免徵收公司所得稅、個人所得稅及營業稅。然而，香港及海外投資人（例如：基金）需就滬股通股票的股利以及/或是紅利股份繳納稅項，並由上市公司按照10%的稅率代扣所得稅並向其主管稅務機關辦理扣繳申報。

法規風險

中國證監會《滬港股票市場交易互聯互通機制試點若干規定》是部會層級法規在中國具有法定的效力。然而，這些法規的運用是未經考驗的，而且無法確保中國法院將承認這些法規，例如：中國公司的清算訴訟。

滬港通在性質上是嶄新的且將受到主管機關頒布的法規以及由中國及香港的證券交易所訂定的施行細則的約束。此外，主管機關可能不時會頒佈與滬港通跨境貿易有關的運作及跨境法律執行的新法規。

到目前為止這些法規是未經考驗的，且不甚確定他們將要如何運用之。再者，當前的法規是容易遭受變動。無法確保滬港通將不會被完全撤銷。相關基金得透過滬港通而投資於中國市場可能會因此受到這類變動結果的不利影響。

股份等級避險風險

對於某些股份等級（“避險股份等級”），本公司可能從事交易。避險交易旨在盡可能地減少投資者的貨幣風險。

用於實施一個或多個基金級別的避險策略的任何金融工具，均為該基金整體的資產以及/或負債，但歸屬於相關級別以及收益/損失和相關金融工具的成本，將僅歸於相關級別。任何級別的貨幣曝險不得與任何其他級別的基金組合或抵銷。歸屬於一個級別的資產的貨幣曝險不得分配給其他級別。不得有意利用槓桿作為基金級別之貨幣避險

交易，儘管避險可能會小幅超過100%(詳閱避險股份子章節)，如同進入或來自避險股份的淨投資量一樣，避險可能不會調整或反應在避險股份的淨資產價值中，直到接受指示的下一個或其後營業日。

不能保證規避貨幣風險的嘗試是成功的，沒有任何避險策略可以完全消除貨幣風險。如果避險策略不完整或不成功，該基金的資產和收入的價值可能仍然容易受到匯率波動的影響。

以避險股份類別的淨投資流量為例，避險部位可能尚未調整或反應於避險股份類別的淨資產價值中直到評價日後下一個營業日交易指示被接受。投資者應注意，有可能存在避險交易可能會減少相關基金估值所產生的貨幣收益的情況。此避險交易的收益/損失及成本將僅歸於相關的避險股份類別。

避險股份持有人的風險，在盧森堡主管機關所規範的限制之內，可能經由有效率的投資組合管理技術以及金融工具（包括貨幣選擇權、遠期貨幣兌換契約、貨幣期貨、貨幣買權與賣權的交易、貨幣交換等）作外幣與股份基本計價貨幣的避險動作而降低。

投資人應注意避險策略可能相當程度的限制了相關基金避險股份的投資人由基金股份計價貨幣潛在價值增加所得到的利益，在當避險股份計價貨幣相對所兌換貨幣呈現貶值時。此外，避險股份的投資人可能承受因為施行避險政策而運用金融工具所致的利益/虧損或其關聯交易成本所導致的股份淨值的波動。避險股份運用金融工具所致的利益/虧損以及其關聯成本將只會歸屬於避險股份。

此外，投資人應留意因為避險股份類別貨幣與參考貨幣之間的利率差異造成避險政策可能會拖累或提升業績。如果避險股份類別貨幣與參考貨幣之間存在正利率差異，則可能觀察到避險股份類別相對於參考貨幣類別的相對表現上揚。反之亦然，應該注意的是，如果避險股份類別的參考貨幣的利率低於本基金的基本計價貨幣的利率時，則利率走勢可能是負的並且可能觀察到避險股份類別的相對表現下滑。

更多詳細的股份類別的資產與負債分配管理規則請詳見附錄D的說明。

商品相關曝險風險

基金的曝險在商品相關工具的投資上具有獨特的風險。投資於商品相關工具，包括：在商品指數及商品相關金融衍生性工具交易，是投機及極為波動的。基於許多因素造成商品市價可能波動迅速，包括：供需關係變動（不論是實際的、認知的、預期的、非預期的或是未實現的）、氣候、農耕、交易、國內外政經事件及政策、疾病、惡性傳染病、科技發展，以及貨幣面與其他政府的政策、行動與無行動。實體商品的目前或是“現貨”價格也可能以不穩定及易變的方式影響所對應相關商品的期貨契約價格。

有些商品主要是被運用於單一產業，而且在單一產業的活動水平(或可用的替代資源)可能對特定商品在全球需求有不均衡的影響。

專注投資於能源或原物料產業的某些基金，與投資於多元產業的基金相比，有較高負

面發展的風險。能源或原物料產業的公司證券，與其他產業的公司證券相比，可能面臨更高的價格波動。由於產業供需因素的影響，一些用作原物料或由這些公司生產的商品可能產生較高的價格波動。

涉及能源和原物料(如石油，天然氣和貴金屬)的開採或貿易的公司證券，得於較未發展市場且法律架構不健全的國家/地區操作。這類公司可能更容易遭受與政治動盪，稅收或法規變化相關的風險。

集中風險

某些基金的投資政策特別聲明，即使基金規模擴大，該基金擬維持一個係由數量有限或集中分配到給定的經濟產業、市場區域或地理區域的發行機構的證券。由於投資比較集中，相較下該等基金可能較分散投資的基金更為波動，或承受較大的風險，因為一個或部分持有部位、產業或地理區域的表現落後將對投資集中的基金資產產生更大的影響。相關基金可能因該等較大波幅或風險受到負面影響。

可轉換及混和證券風險

可轉換證券通常是指持有者在特定期間後可以在特定的可轉換價格轉換成普通股之債權憑證、優先股或是其他支付利息或股利的證券。可轉換證券之價值可能受所連結標的股票市價漲跌的影響，或是像債券受利率以及發行機構信用品質的變動而價值不同。當所連結標的股票價格相對於轉換價格為高時(因為存在較多的證券價值得選擇做轉換)，可轉換證券傾向表現得較像是股票，而當所連結標的股票價格相對於轉換價格為低時(因為選擇做轉換的價值較少)，可轉換證券傾向表現得較像是債券。因為可轉換證券的價值會受到許多不同因素的影響，像是對利率變動就沒有像相似的非可轉換債券易受影響，而且通常比所連結標的股票較少有潛在獲利或虧損。

混和型證券具有如上述所稱之可轉換證券結合了債券和股權特性的證券。可能由公司(簡稱為公司混和型)或由金融機構發行(通常稱為或有可轉換債券或“CoCos”債券)混和型。混和型證券為次級工具，通常資本結構為股權以及其他次級債務，例如此證券將為股權最初級證券。這類型的證券將需較長的成熟時間甚至可能為永續的性質。息票支付可能為自由的，因此發行人可以於任一時點因任何理由以及任一期間內取消。息票支付的取消不相當於違約事件。混和型證券可以事先決定。混和型證券不能被假設，包括永續證券將會於買回日贖回。投資人再買回日或任何一天可能不會收到資本的退還。

或有可轉換證券由金融機構(簡稱“CoCos”債券)這種型的可轉債在2008至2009年金融危機以後變得盛行，為一種附加特性的債券，以減緩因市場因素所造成的壓力，其不同於典型的公司混和型。以CoCos債券，根據金融機構的資本結構以及/或當監管機構認為銀行不再可經營時，可能在預先指定的觸發事件後轉換。或有可轉換債券可能轉換為股權或可能為吸收虧損以及轉換為無。觸發水準可能因另一個問題而不同以及轉換的風險將取決於資本比率與觸發水準的差距以及/或監管機構認為發行人不再可行的點(例如債券在無法維持營運點可自行紓困或PONV)，使相關基金的投資經理公司以及/或投資共同經理公司可能難以預測觸發事件，其要求負債轉換為股權或

僅吸收虧損。亦有可能投資經理公司以及/或共同經理公司難以評估證券轉換後的表現如何。由於轉換發生係在特定事件之後，轉換發生在相關股權之股價低於債券發行時或購買時的價格。然而傳統的可轉換證券為持有人選擇轉換時以及持有此種債券的持有人將於股價高於履約價格時轉換(例如當發行人表現良好時)，當發行人正處於危機期間以及須要額外的股權或為了紓困吸收虧損時，可能轉換 CoCos 債券。因此，相較於傳統的可轉換，CoCos 債券有更大的潛在資本損失。

如果轉成股票時，投資經理公司及/或共同投資經理公司可能被迫賣出這些新股權股份因為相關基金的投資政策並不允許在其投資組合內持有股票。因此，這類債券發行公司可能較易受到金融市場衰弱影響的傾向。因為在特定事件後使轉換發生時，該轉換可能發生在所連結標的股票之股價低於已發行或購買之債券，而導致比傳統可轉換債券有更多資本損失的可能性。主動觸發是透過資本的損失作為分子或增加風險權重的資產(由於轉換為風險較高的資產)作為分母。持有 CoCos 債券之投資人可能看著他們的票券被取消，而發行人持續支付一般股權利息，取消息票的支付通常不會累積而是被註銷。不同於公司混和債券所稱之股利推動者或停止條例的情況，其將混和票券與股權利息的支付是互相連結的。CoCos 債券可能受到資本架構倒置風險牽連，由於主管機關認為發行人無法履行時而違反預先設定觸發條件(如主管機關在此違規不履行前宣布，則適用於正常債權人等級)，這類的證券持有人可能遭受資本損失。CoCos 債券價值達到觸發之水準時可能突然下降。在或有可轉債券為了僅吸收的情況下，本基金可能要求接受少於原始投資之現金或證券價值或本基金可能損失其全部投資。

交易對手風險

交易對手風險是契約任一方的風險，其為交易對手不管是因為無力償還、破產或是其他因素而無法履行其契約義務以及/或是遵守契約條款約定事項的風險。

當參與櫃檯買賣或是其他雙邊合約（特別是櫃檯買賣市場衍生性商品、附買回協定、證券借貸等等）時，本公司發現其自身可能曝險於來自交易對手的清償全部債務之能力以及無法履行這些契約約定的能力等風險下。

信用風險

信用風險為固定收益證券以及貨幣市場工具的基本風險，其為證券發行單位無法支付到期的本金以及利息款項的可能性。信用風險較高的發行單位因增加的風險提供較高的收益。反之，信用風險較低的發行單位通常提供較低的收益。基本上，就信用風險而言，政府證券被視為最安全的標的；然而公司債，特別是信評較差者，則其信用風險較高。發行單位的財務狀況變動，基本經濟與政治狀況變動，或是對特定發行單位的經濟與政治狀況變動（特別是主權國家或是超國際機構發行單位），所有因素皆可能對公司的信用品質以及證券價值產生不利衝擊。與信用風險相關的是被信用評比機構將評等降低的風險。信用評比機構例如：標準普爾、慕迪或是惠譽，對各式各樣系列的固定收益證券（企業、主權國家或是超國際機構）依據其信譽而提供評比。這些信用評比機構可能隨時因為財務、經濟、政治或是其他因素而變更其評比，如果此變動代表評等降低時，可能對受影響的證券有負面的衝擊。

信用連結證券風險

信用連結證券屬於債權證券，不是代表利息是由一個或更多的公司債權義務或是信用違約互換協定組合債權或是銀行借貸義務所集結而成，就是被抵押擔保。這類債權義務可能代表一位或多位公司發行人的義務。基金投資於信用連結證券有權利向與信用連結之證券發行公司（通常是標的信用違約互換協定的賣方）定期以議定的利率收取利息款項以及到期的本金返還。

若是一個或多個債權義務所標的之信用違約互換協定產生違約或是變成無法運作時，基金投資於信用連結證券承擔與信用連結之證券其投資存續期間的本金投資以及預期可收取之定期利息款項損失的風險。當這類信用違約事件發生時（包括：破產、無法即時支付利息或本金，或是重整），基金將受影響而通常經由基金在違約之標的債權義務的面額之比例分配利息轉換成違約標的義務的實際價值或是違約標的義務本身以降低相關之信用連結證券本金餘額，導致基金投資的部分損失。因此，信用連結證券的利息將由較小的本金餘額所孳生，在到期日返還較小本金餘額。信用連結證券某程度上代表在單一公司或是其他發行公司之標的債務的利息，有關這類發行公司的信用違約事件對基金產生的損失風險將比代表多重發行公司之標的債務的利息之信用連結證券要更大。

此外，基金承擔信用連結證券發行公司可能發生違約或是破產的風險。在此情形下，關於基金所投資之本金總額以及剩下的週期利息款項的支付可能有困難，或是無法被支付。

信用連結證券投資也可能涉及對信用違約互換協定之對方當事人是否履行協定中須定期支付款項予信用連結證券發行公司條款的信賴。在某些預期造成這類款項支付的任何延遲或是中斷情況下，將導致本基金做為信用連結證券投資人在收取支付款項的延遲或減少。此外，信用連結證券是典型結構化商品，而這類證券發行公司負有限的追索義務，也因此所發行的證券大致上是發行公司本身唯一的義務，且不是任何其他個人的義務或責任。

大部分信用連結證券是依照美國 144A 守則證券所建構而成，因此可以在法人機構買方之間自由交易。基金只會購買投資經理公司以及/或是共同投資經理公司認為得以變現流通的信用連結證券。然而，信用連結證券市場也可能突然喪失流通性。交易的其他合約當事人可能是僅有對此衍生商品有充分了解而具有興趣標購的投資人。流通性變動可能導致信用連結證券有顯著且快速以及無法預期的價格變動。在某些個案，信用連結證券市價可能無法取得或是不能信賴，而且基金可能蒙受無法在投資經理公司以及/或是共同投資經理公司認為合理的價格出售此類證券的困境。

信用連結證券的價值是典型地隨著發行公司以及信用違約互換協定所持有之標的債權義務的價值變動而增減。此外，若信用連結證券被結構成支付基金款項的基礎是有關於相關的信用違約互換協定條款所載明的任何標的資產的價值績效表現，則這類債務價值的震盪將影響到信用連結證券的價值。

存管風險

本公司之資產係安全託管於基金保管機構（包括為免生疑問本公司在證券借貸、附買

回交易、附賣回交易中取得的資產），並且投資人所處之基金保管機構之風險係其不能夠充分履行其義務於短期時間範圍內歸還本公司所有資產而基金保管機構破產的情況下。本公司之資產於基金保管機構之簿冊中將被認定為歸屬於本公司。由基金保管機構所持有之證券及負債（包括貸款分配及共同貸款）將與基金保管機構之其他財產予以隔離以減緩但不排除破產情況下之未歸還風險。然而，如無這樣的隔離則適用於破產情況下的現金未償還風險。基金保管機構並非自行保管所有本公司之資產，但使用不屬於同一集團之聯絡網公司為次基金保管機構作為基金保管機構。投資人也處於次基金保管機構破產之風險。本基金或將投資於保管或結算系統尚未全部發展之市場。

債權證券風險

所有投資在債權證券或貨幣市場工具的基金均受利率風險、信用風險、違約風險的影響，並可能面臨特定風險，包括但不限於主權風險、非投資等級證券風險、重整風險以及使用信評相關的風險。

固定收益證券的價值在利率下跌時通常會增加，而利率上升時則減少。長期固定收益證券比起短期固定收益證券對於利率變動傾向較為敏感。

相較於固定利率債權證券，變動利率證券（包括浮動利率債權證券）通常對利率變動的敏感性較低。

有些基金可能投資在發行公司最近沒有支付利息的債券上（違約債券）。若投資經理公司以及/或是共同投資經理公司認為這些債券的發行公司重新開始給付利息，或是在可預見的未來會有其他優點，則基金可能會購買這類型的債券。這種證券可能變的流動性不佳。

主權債券除了需承受那些與債權證券及外國證券有關的各種風險外，一般來說包括但不限於政府發行機構可能不願或無力對其主權債務支付利息和償還本金的風險。主權債券通常沒有破產的程序。如果主權債務國家就其主權債務義務違約（或威脅要違約），則債務可能被重整。在主權債務違約的情況下，基金可能在對抗違約政府發行機構的法律資源有限。

基金可能投資於所謂的新興市場或邊境市場國家的政府或政府相關機構所發行的主權債券，與先進開發市場相較，其將因為如較大的政經不穩定、匯率波動、資本匯回管制或是資本控管等這類因素而須承受額外的風險。

某些基金可能投資在低於投資等級而具有較高收益的證券。非投資等級債權證券（包括貸款）以及相似信用評比的未經評比證券（“非投資等級債權工具”或“垃圾債券”）相對高品質債權證券有較大的損失風險，或利息和本金支付延遲的風險。非投資等級債權工具的發行機構在財務上並不像那些發行高品質債權證券的公司那樣強健。非投資等級債權工具相較於高品質債權證券通常流動性較差且價格波動較大。

有些基金也可能投資在公司業務涉及合併、整合、清算與組織重整（包括那些涉及破產的公司）。這些公司事件可能會破壞所涉及的公司的業務和管理結構，這可能會使基金承擔較高的投資風險。

評估債權證券而使用信用評比可能涉及特定風險，包括由信評機構對證券所為的最近一次評比其可能無法反映發行機構目前的財務狀況或事件之風險。信用評比可能受到利益衝突影響或是基於歷史資料已不再適用或不再準確。最近，對改革信評機構之立法和法規已被提出可能對基金的投資或是投資過程有不利影響。

債權證券須承受當發行機構於證券到期日前“買回”該證券或是償還全部或部分本金之提前還款風險。當基金再投資所收到的提前還款本金時，其收到的利率可能會較低於既有的證券利率，而可能降低基金的收益、殖利率以及其分配予股東的配息。證券遭受提前還款可能在利率下滑環境提供較少的收益潛力並且有較大的價格波動。提前還款風險會在利率下降期間明顯增大。

衍生性金融商品風險

衍生性金融商品的績效主要取決於其所連結標的貨幣、證券、指數或是其他參考資產的績效，而這些金融商品通常與其所連結標的商品有類似的風險再加上其他的風險。基金得為了避險、效率的投資組合管理以及/或是投資目的而使用在貨幣、證券、指數、利率或是其他參考資產的選擇權、期貨、期貨選擇權以及遠期契約。衍生性金融商品涉及成本並且能夠在基金的投資組合創造經濟槓桿效果，其可能導致顯著的波動而造成基金分擔的虧損（以及獲利）遠超過基金的原始投資金額。就期貨交易來說，初始保證金相對其期貨契約價值是小金額，因此該交易有“槓桿”或是“齒輪”作用。相對小的市場變動將成比例地具有較大衝擊，這對基金可能有好有壞。有時試圖進行特定交易來停損至特定金額可能沒有效用，因為市場狀況可能造成無法執行這類交易。

選擇權交易也可能帶來高程度的風險。賣出選擇權比起買進選擇權通常須承受較大的風險。雖然基金所收到的權利金是固定的，基金可能承擔超出該金額的損失。基金也將曝險於買方履行選擇權的風險，而且基金將有義務以現金結算選擇權或是去獲取或交付標的投資。如果選擇權藉由基金持有標的投資的對應部位或是在另一個選擇權的期貨而被擔保時，風險則可能會降低。由於互換交易協定而導致的基金虧損風險取決於交易雙方中哪一方需要支付交易的淨額。如果是交易對手需要支付淨額，則基金的虧損風險為失去基金本來應收到的全部金額；如果是基金需要支付淨額，則基金的虧損風險僅限於應付的淨額（也敬請參見“互換交易協定風險”）。

某些衍生性金融商品就是具有高度的槓桿潛力，不管原始投資金額多寡。槓桿的採用可能造成基金須將投資組合部位變現來達成清償義務或是在可能不甚有利時去符合資產區隔的要求。其他風險包括：衍生性商品的缺乏流動性、錯誤訂價或是不適當的評價以及衍生性商品與所連結標的工具的價值間的相關性有瑕疵，因此基金可能未能實現預期的利益。成功的運用衍生性金融商品通常將取決於投資經理公司以及/或是共同投資經理公司能否精準地預測有關所連結標的工具市場走勢的能力。若單一市場或一些市場，或是特定投資類別的價格以非預期方式變動，特別是在不尋常或極端的市場情況，基金可能無法達成交易的預期利益，並且可能實現顯著的虧損。倘若投資

經理公司以及/或是共同投資經理公司沒有成功地運用這些衍生性金融商品時，則基金績效表現可能比完全沒有運用這些衍生性金融商品時更加惡化。就基金為了避險目的而運用這些衍生性金融商品的程度來看，衍生性金融商品的價值以及所連結標的投資或被避險的其他資產的價值，其兩者之間的變動有相關性瑕疵的風險存在。特別是在極端的市場情況下，通常為避險而操作衍生性金融商品卻全然沒有避險利益的風險。

基金得在交易所從事涉及衍生性金融商品的交易或是得私下流通並於櫃檯買賣市場而非在交易所進行交易。交易所交易衍生性金融商品包括期貨、選擇權、期貨選擇權以及權證。櫃檯買賣市場衍生性商品的範例，包括：不同的貨幣遠期交易、利率互換交易、信用違約互換交易、總報酬互換交易或是契約。使用這些櫃檯買賣市場衍生性工具可能導致虧損，如果交易對手沒有依約定執行交易（關於遠期貨幣契約與其他櫃檯買賣市場衍生性商品），包括因為這些交易對手的破產或是無力償還。這類風險在市場震盪期間可能變高。擔保品被用於許多櫃檯買賣市場衍生性商品交易—如果基金在特定交易有淨虧損時，則基金須提供擔保品給交易對手做抵押，而如果基金在特定交易有淨利得時，則基金得持有由交易對手所提供的抵押擔保品。然而，擔保品的價值可能變動且難以出脫，所以無法確保所持有擔保品的價值足以涵蓋對基金的積欠金額，或是無法由交易對手的其他未完成義務來承擔。其他風險包括因為交易市場變得缺乏流動性（特別是櫃檯買賣市場）或是在某期間參與的交易對手數量變得有限而不能拋售持有部位。此外，在特定市場裡投機者的存在能夠導致價格失真。在達到基金因為市場缺乏流動性而無法拋售持有部位的程度時，基金可能無法避免其衍生性金融商品持有部位的價值有更多虧損，並且在基金有可觀的流動資產為了足夠償付這些衍生性金融商品義務而被註記區隔時，則基金的流動性可能會因而受到損害。基金也可能被要求收取或交付所連結的標的商品，投資經理公司將設法去避免這些事。有些衍生性金融商品對於利率或是其他市場價格的變動特別地敏感。投資人須謹記在心，基金可能打算在經常性基礎使用衍生性金融商品，然而如果投資經理公司以及/或是共同投資經理公司因為可利用性、成本或是其他因素而選擇不從事交易時，將不會強行要求廣泛地或是在任何特定衍生性金融商品種類積極地從事這些交易。

衍生性金融商品可能運用於其他目的，綜合性賣空。根據2010年12月17日法規，不允許證券或任何實體工具賣空。透過衍生性金融商品可完成綜合性賣空，係為了複製在一個相同或相似的資產中短期曝險及以投資目的或對沖多頭部位。信用違約互換交易（CDS）的購買，例如特定發行人沒有持有債券，其在本公司有效地作一個短期曝險。本公司也購買相同發行人的信用違約互換交易作為現有部位的避險工具。購買賣權的股票，債券或一個無持有股票的貨幣，債券或貨幣亦是一個有效地賣空方式且對於與此交易可建立一個現有部位避險的目的。此投資策略中唯一之風險來自於以權利金支付CDS或選擇權，其不同於在此資產下全部投資於賣空股票、債券或貨幣的情況所產生的風險。

另一種綜合性賣空策略係期貨利率的出售，其將受益於利率上升且藉此重複看空利率。

其權利金係用來支付此綜合性賣空策略（例如信用違約交換契約或買入賣權），若無發生信用違約情形（如信用違約交換契約）或選擇權無價值到期（因標的資產不低於選擇

權價格)則有損失全部投資的可能性，其中期貨契約約定(如賣出期貨利率)，潛在損失是來自於利率下降而非上升的程度，轉換因子運用於相對的一籃子合格證券、時間以及與契約相關的名目金額。增加的策略可能具有相似於這些執行後的結果和潛在風險。可利用每日調整變動保證金及/或維持現有部位的合格抵押品以緩減風險。如本文所述此種綜合性賣空策略並無保證將有效達到短期投資曝險或作為實際賣空策略的避險目的。

在最近的金融改革下，某些種類的衍生性金融商品（例如：某些互換交易協定）以及其他商品，終於預計將要或是需要經由集中交易對手來進行結算。相較於櫃檯買賣市場互換交易協定，集中結算的設計是為了減少交易對手的信用風險以及增加流動性，但是並無法完全消弭這些風險。關於結算互換交易協定，如果在基金保有互換交易契約開放部位遇值期貨經紀商破產時，則基金也會有損失初始和變動保證金存款的風險。如果期貨經紀商不提供精確的報告，本基金也須承擔期貨經紀商能夠利用基金資產對集中交易對手來履行其本身的財務負擔或是其他客戶款項支付義務的風險。關於結算互換交易協定，基金可能無法取得如同雙邊和議非結算互換交易協定般有利的條件。此外，期貨經紀商可能單方面修改其與基金的協定條款，其可能包括有關基金投資於特定種類互換交易協定之徵收持倉限額或是追加保證金的要求。集中交易對手以及期貨經紀商通常能夠隨時要求終止既有結算互換交易協定的交易，也能夠要求增加保證金高於互換交易協定所要求的初始保證金。

結算及非結算互換交易協定以及其他衍生性金融商品的規範條例是快速變動的法規領域並且取決於由政府及司法活動所為的調整。此外，在許多管轄區域的監管機構與交易所都被授權得於市場緊急情況下採取特別的行動，舉例來說，包括：投機部位限制的實施或降低、較高保證金要求的實施、每日價格限制的建置以及交易的暫停。目前或未來法規的效力是無法充分地預測。新的要求，即便不是直接適用於本基金，可能會增加基金投資的成本以及營運成本，其對投資人造成不利的影響。

衍生性金融商品策略的運用也可能對基金有賦稅影響。當投資經理公司或共同經理公司希望利用衍生性金融商品時，來自這些策略的時機掌握及收益特性，獲利或虧損可能削弱投資經理公司或共同經理公司利用衍生性金融商品的能力。

稀釋與擺動定價風險

基金相關投資的實際買入或出售費用可能與基金對該投資之評估價值不同。相同投資的交易成本（例如：稅捐）及/或買入與售出投資價格之價差均可能導致該等差異。

該稀釋成本可能對基金的整體價值構成負面影響，因此每股淨資產淨值將被作出調整，以為了避免對現有股東不利。影響調整的大小取決於各種因素，例如交易量，投資標的之購買或出售價格，及適用於計算該基金投資標的之價值的估價方法。

危機證券風險

投資於危機證券可能會對基金造成額外風險。就發行公司支付利息及本金或是在任何長時間維持其他報價文件條款的能力而言，這類證券是被視為以投機為主。危機證券

通常被理解為由可能破產、重組或其他金融動盪而承受財務壓力的公司所發行的證券。不斷變化的市場狀況可能會對此類證券產生更大的不利影響，且持有大量危機證券的投資組合可能會損失其全部投資，可能被要求接受少於其原始投資的現金或證券價值，及/或被要求接受付款時間的展期。相關基金而言，利息和本金的回收可能涉及額外的成本。在這種情況下，相關基金投資產生的回報可能無法充分彌補股東承擔的風險。

於本公開說明書，危機證券理解為包括違約證券，以及至少由兩個評級機構評為 CCC 評級或以下的證券，或如未評級則同等級和其信用利差大於 1,000 bps。然而，對於信用利差高於 1000 bps 的證券（無論其信用等級如何），投資經理將根據證券的信用利差的演變和其他信用機構提供的等級進行額外分析和驗證，以評估此證券是否應重新確認為危機證券。管理公司的風險管理程序將進一步說明此過程。

分配風險

無法保證任何股利之配發。僅於股東名字於開始配發之基準日 (Record Date) 仍在股東名冊上，才有資格領取該期 (季、半年或年度) 的股利，如其情形適用。相關基金的資產淨值，將依配發的股利數額而減少。

支付股利的股票風險

無法保證基金所投資的公司必定依照歷史地紀錄繼續配發股利，或必定維持一樣的股利配發率。於減少股利配發或不配發股利時，或將對基金持有之價值有負面影響，進而使基金/投資人有不利地影響。

配息政策風險

特定基金的配息政策允許從資本，以及自收益及已實現和未實現的淨資本利得以配發股利，尤其是那些尋求創造收益的投資策略的基金。如以此為之，雖可獲得更多可供分派的收益，則相當於報酬或提領自投資人原始投資或是發放原始投資所獲之資本利得。這具有導致資本及長期資本成長潛力的減少，以及增加任何資本損失的影響。例如發生以下情形：

- 若基金所投資的證券市場顯著下跌，將導致基金出現淨資本虧損；
- 若從未扣減的費用及開支中支付配息，則意指有關費用及開支須從已實現及未實現的淨資本收益，或首次申購資本中支付。

任何部份或全部來自於基金資本之股利配發可能會降低資本成長，以及可能將導致每股的資產淨值立即減少。亦請參閱以下“本公司稅賦”章節的說明。

新興市場風險

所有基金投資於不同國家的證券發行單位（企業、政府以及政府相關法律實體）並且以不同幣別做為計價單位涉及相當程度的風險。這些典型的風險在開發中國家以及新

興市場國家會增高。這些對投資組合可能有不利影響的風險包括：(i) 投資以及收益匯回限制，(ii) 匯率波動，(iii) 相較於工業化國家之非常態的市場變動潛藏性，(iv) 政府干預民間私人產業，(v) 有限的投資人訊息以及較少嚴格的投資人訊息揭露要求，(vi) 相較於工業化國家顯得淺薄以及實質上流通性較小的證券市場，其表示本基金有時無法在合意的價格出售證券，(vii) 特定當地稅法考量，(viii) 有限的證券市場規定，(ix) 國際與區域的政經發展，(x) 外匯管制的可能規定或是其他的當地政府法律或限制規定，(xi) 來自通貨緊縮或通貨膨脹之負面影響所增生的風險，(xii) 基金法律資源受限的可能性以及 (xiii) 保管以及/或是交割系統可能尚未充分被開發。

舉凡基金有投資於新興市場國家者，投資人應該特別被告知這些新興市場國家的企業或公開實體所發行的證券其流動性可能實質上較小於工業化國家的相似證券。

尤其，對於高風險新興市場國家，淨資產價值、可銷售性以及來自特定基金投資的報酬可能會受到不確定因素的顯著影響，例如政治或外交發展、社會和宗教不穩定、政府政策的變化等、徵稅和利率、貨幣兌換和匯回、以及新興市場的其他政治、經濟、立法或監管發展，特別是徵收、國有化和資產充公的風險，以及有關外國所有權水準的立法變化等因素。所有這些事件可能對整體投資環境產生不利影響，尤其是對相關基金的投資機會。“新興市場”這個名詞涵蓋各種經濟和政治不同情勢的國家。投資組合集中在高風險新興市場國家，將導致有更大的風險曝露於上述特定投資組合的風險。

股票風險

股權證券投資提供了大幅資本增值的潛力。然而，此類投資也涉及風險，包括發行人、行業、市場和一般經濟相關風險。儘管投資經理（或相關的子投資經理）將利用多元化來降低其中一些風險，但其中一個或多個領域的不利發展或被認為不利的發展可能導致股權價值大幅下跌，直至完全損失基金擁有的證券。

此外，基金可能會投資於特定類型的證券，這些證券具有特定於其性質的額外價格風險或流動性風險。此類證券可能包括但不限於：(i) 可能沒有現有業務運營的特殊目的收購公司 (SPACs) (ii) 私募股權投資 (PIPE) 和/或 (iii) 首次公開募股 (IPO)。”

ESG 監管風險

有關永續投資的監管框架不斷發展和演變。在將 ESG 和永續性標準納入投資決策和更新投資工具的營銷文件時，缺乏關於 ESG 和永續性標準的通用或統一的定義，或關於所需披露水平的明確指南，可能會導致資產管理人採取不同的作法。因此具有一定程度的主觀性，這意味著基金可能投資於其他資產管理人，或投資者不會投資的證券，並且公司營銷文件中的披露程度可能比預期的披露更詳細或更不詳細。也就是說，可能難以比較具有相似目標的投資工具，因為這些投資工具將採用不同的證券選擇和排除標準。因此，其他條件類似的投資工具的業績狀況可能會比預期的更大幅度地偏離。這也意味著主觀選擇的方法可能與後期歐盟層面或國家監管機構採取的立場不同，這可能會帶來聲譽風險或被視為非自願漂綠 (involuntary greenwashing)。

浮動利率公司債投資風險

基金所投資的浮動利率企業貸款以及公司債證券其發行多半伴隨者高度槓桿交易。此類交易包括槓桿融資併購貸款、槓桿融資資本貸款，以及其他類型的收購融資。槓桿融資併購貸款的信用風險高於其他投資，包括借款人違約或破產的可能性較高。部分前述貸款可能屬於「低門檻」貸款其並未包括允許放款人控管並追蹤借款人績效並在其違反特定標準時宣告違約的條款。

外幣風險

鑒於公司評價每支基金的投資組合不是以美元、日幣，就是以歐元計價，這些計價幣別的匯率變動可能負面影響到這類投資組合的價值以及個別基金之收益。

由於基金所持有之證券，包括輔助流動性資產、銀行存款、貨幣市場工具以及貨幣市場基金可能用不同於基金的基本計價幣別來計價，基金可能因為外匯管制條例或是這類參考貨幣與其他貨幣之間的匯率變動而造成有利或不利的影響。匯率變動會影響基金股份的價值，也會影響配息的價值、基金所賺取得利息以及基金所實現的利得與虧損。如果證券計價的幣別對應於基金的基本計價幣別升值時，該證券的價格則可能會增加。相反地，匯率降低將對證券的價格有不利的影響。

在一定程度上，基金或任何股份等級對於匯兌風險尋求利用任何策略或工具來避險或保護，然而無法保證這些避險或保護目的可以被達成。除非已訂於任何基金的投資政策，否則任何基金並不需要對於任何相關於匯兌風險的交易尋求避險或保護。

貨幣管理策略可能大幅改變基金對匯率的曝險，如果貨幣沒有表現如投資經理公司所預期般則可能導致基金的虧損。此外，就貨幣管理策略降低基金對貨幣曝險的程度而言，恐怕也降低了基金受惠於匯率有利變動的能力。無法確保投資經理公司所採用的貨幣管理策略將使基金受益，或是將於或是能夠於適當時機運用這些相關策略。再者，特定貨幣的曝險金額以及投資組合中以該幣別計價的證券金額之間未必存在完全相關性。相對於基金持股適用之對沖貨幣風險，為了從預期的匯率變動獲利而投資外幣，可能進一步提高基金所承受的外國投資虧損相關曝險。

投資人應知悉人民幣（RMB）為受限於市場供給與需求及參考一籃子貨幣的管理浮動匯率。目前，RMB在兩個市場交易：一個在中國大陸，另一個在中國大陸以外（主要在香港）。在中國大陸交易的RMB不可自由轉換並且受限於外匯管制及中國大陸政府的特定要求。另一方面，在中國大陸以外的RMB則為自由交易。儘管RMB在中國大陸以外市場為自由交易，但是RMB的現貨匯率、遠期外匯契約及相關工具係反應此發展中市場的結構複雜性。依此，以RMB計價之選擇性貨幣類別可能遭受更高的外幣風險。

邊境市場風險

在新興市場國家投資所涉及的風險已載於以上“新興市場風險”單元。投資在邊境市場所涉及的風險與投資在新興市場的風險相似但是涉及更多的風險，因為邊境市場甚至是規模較小、較低度開發並且較其他新興市場更難以進入。邊境市場也可能遭受更大

的政治與經濟不穩定性，且其在資訊透明、道德實踐和公司治理方面都較其他新興市場不健全，且相關基金/投資人或遭受不利地影響。

此市場相較於其他新興國家也多可能有投資與保留本國之限制、匯兌管制及低開發的託管與結算系統。屬於邊境市場的國家包含位於非洲亞洲中歐及拉丁美洲中較低度開發的國家。

避險策略風險

針對富蘭克林坦伯頓全球投資系列—多空策略基金，投資經理公司將聯合若干共同投資經理公司施行各種非傳統或“另類”策略，包括具備“股票對沖策略”、“事件驅動”、“全球宏觀”、“市場中立”或“相對價值”等特徵，其涉及“避險”或“套利”活動，構思於無方向策略市場獲取價值。然而，這些策略決非暗指基金的投資採取此類策略即有機會規避風險。即使在“避險”或“套利”部位也可能造成重大損失，另一方面缺乏流動性及違約亦可能實際上導致該部位無法如預期般“避險”，繼而造成基金的潛在損失。這些策略涉及一些市場的第二階風險曝險，例如：可轉換債券或認股權證所隱含的波動、類似天期政府公債間的殖利率利差，或是所連結之相同標的公司不同股份類別間的價差。再者，許多“市場中立”的共同投資經理公司可能採用限定方向策略，致使其管理的資產暴露於特定市場風險。

通膨指數證券風險

通膨指數證券對實質利率變動有相互影響的傾向。實質利率代表名目利率扣除預期通貨膨脹的影響。基本上，當實質利率上升時，通膨指數證券的價格則下跌；而當實質利率下降時，通膨指數證券的價格則上揚。通膨指數證券的利息支付將隨著本金以及/或是利息對通貨膨脹做調整而變動並且無法事先預料，因此，基金的所得配息相對於典型的固定收益基金會較為變動。無法確保用來調整基金所持有債權證券之本金金額所使用的消費者物價指數或是任何其他衡量將精確地相應於特定投資人所感受到的通貨膨脹率。任何在通膨防禦債權證券的本金額增加將被視為應稅的一般所得，即使投資人（例如基金）在到期日前並不會收到其本金。

首次公開上市風險

有些基金可能投資於首次公開上市的證券。首次公開上市的風險為首次公開上市股票的市值可能因為一些因素而呈現高度波動，例如：在以往公開市場的缺席、不成熟的交易、可供交易股數的限制以及有關發行公司的訊息有限。此外，基金在首次公開上市股票的持有期間過短時，可能會增加基金的費用。一些在首次公開上市股票的投資對於基金的績效表現有立即而顯著的成效。

法規風險

基金須遵循各種法律規範，包含不同管轄區域（包括盧森堡）之證券法及公司法的要求。

法規的適用與解釋通常是矛盾的及可能影響基金各種契約及保證。立法機構可追溯徵收或可能發佈內部規範，此一般不向公眾提供解釋和適用的法律，法規往往是矛盾和不確定性，特別是在有關稅務事項。

法院可不遵守的法律和有關契約的要求，也不能保證或在外國法院判決的任何追索權，相關基金於某些管轄區域所持有證券的資產可被強制執行。

流動性風險

流動性風險有兩種：資產面流動性風險以及負債面流動性風險。資產面流動性風險一般是因為基金持有部位的認知價值或信譽突然變化或是因為市場狀況惡化而使基金無法在其報價或是市價售出證券或是部位。負債面流動性風險是基金無法應付贖回請求，因為基金無法售出證券或是部位以便取得足夠的現金應付贖回請求。基金的證券所交易的市場也可能遭受這類負面情況而造成交易所暫停交易活動。由於這些因素而降低流動性，可能對基金的淨資產價值以及基金適時應付贖回請求的能力有不利的衝擊。

特定證券由於交易市場有限、發行機構財務羸弱、法律或契約限制轉售或轉移，或是基於這些證券無法在七日內以基金所評估之大約價格被出售而缺乏流動性。相較於流通性市場的證券，缺乏流動性的證券涉及較高的風險。此類證券的市場報價可能反覆無常，以及/或是容易遭受買賣價格間大幅價差。當需要迎合基金的變現需求或是回應特定經濟事件時，缺乏流動性可能對市價以及基金出售特定證券的能力有不利衝擊。

市場風險

本基金所擁有證券的市場價值，有時快速或不可預期地上漲或下跌。證券價值下降可能受到個別發行機構，一般證券市場或證券市場內特定產業或部門的因素之影響。基於一般市場情況證券的價值上漲或下跌，可能沒有具體涉及到特定的發行機構，例如實際或意識到不利經濟環境的變化或普遍對整體前景的收入或公司盈利、利率或匯率變動或不良投資氣氛因素。上漲或下跌也可能是個別發行機構或特定產業或部門，例如生產成本變化和行業內或特定國家競爭狀況因素。自然或環境災難（地震、火災、洪水、颶風、海嘯）和其他一般與天氣相關的嚴重現象等不可預期事件，或廣泛流行的疾病，包括大流行和流行病，已經並且可能嚴重破個別公司、部門、產業、國家、市場的經濟，及對貨幣、利率和通貨膨脹率、信用等級、投資人情緒以及其他影響基金投資價值的因素產生不利影響。考慮到全球經濟和市場之間的相互依存關係，一個國家、市場或地區的狀況可能會對其他國家的市場、發行人和/或匯率產生不利影響。這些干擾可能會妨礙基金及時執行有利的投資決策，並可能對基金實現其投資目標的能力產生負面影響。

在證券市場普遍不景氣，多重資產類別的價值可能同步下跌。當市場表現良好，也不能保證由本基金所持有的證券將參與或以其他方式提前受益。金融市場上的所有投資均可能貶值。

共同經理公司管理風險

特定基金的投資經理公司可能透過精心挑選兩家或更多共同投資經理公司（“共同投資經理公司”）來尋求達成基金的投資目標。投資經理公司除了挑擇及配置資產給共同投資經理公司以外，本身也可以參與管理此類基金的資產。共同投資經理公司可能是投資經理公司的關係企業或是完全獨立的投資經理公司，只要投資經理公司於遴選程序謹守盡職規定。

富蘭克林坦伯頓全球投資系列—多空策略基金特別計畫藉由配置資產橫跨多重非傳統或“另類”的策略，包括但不限於：股票對沖策略、相對價值、事件驅動，以及全球宏觀，來達成其投資目標而計畫採用多重共同投資經理公司來執行此策略。

還有風險是所選擇的共同投資經理公司不能有效地執行其所選擇的投資策略計畫。此外，共同投資經理公司所作出投資決定彼此是獨立的，結果可能導致彼此的投資決定有所衝突。例如：一家共同投資經理公司為本基金買進證券，同時另一家共同投資經理公司則是賣出相同證券，而導致較高費用卻無伴隨任何淨投資收益，或是數個共同投資經理公司同時買進相同證券，卻沒有整併交易而導致較高的費用。再者，基金的多重經理公司方法可能導致基金有顯著比率的資產投資於特定類型證券，這對基金的績效是有利或是不利將取決於這些證券與整體市場環境的績效表現。共同投資經理公司之績效表現可能低於一般市場表現，或是低於基金可能選擇的其他投資經理公司的績效表現。

經銷商代表所屬投資人以其自身名義申購股份風險

在某些市場立法架構正開始發展證券上的法律（形式）所有權與受益（實質）所有權或利益之概念。因此，於此市場之法院或將認定持有證券的經銷商（代表所屬投資人以其自身名義申購股份）或受託人有完整的所有權，而受益所有權人或將無任何關於該證券所有權的權利。

投資人注意到若投資人有登記在股東名冊，則該投資人才能夠完全對本公司行使股東權利。投資人若是透過經銷商自身名義為其申購股份形式對本公司進行投資，則投資人可能並不總是能夠直接對本公司行使特定股東權利。投資人透過經銷商（代表所屬投資人以其自身名義申購股份）或受託人投資需特別注意若是發生不論是基於無力償還、破產或其他因素而導致運作中斷，將造成延遲行使權利或甚至是權利損失的風險。在此建議投資人應採取自己權利。

未受管轄市場風險

某些基金可投資於其交易市場因為經濟、法律或是法規體制不合於受管轄市場之國家的證券發行公司所發行之證券。因此，這些基金投資在這類證券將不得超過其淨資產價值的10%。

參與憑證風險

參與憑證即所謂的 P-Notes，其為一些基金在直接所有權不被允許的當地市場用以取

得股權投資部位包括：普通股及權證的金融工具。投資於參與憑證可能與第三方涉及櫃檯買賣市場衍生性商品交易。因此，基金投資於參與憑證除了曝險於標的股票價值的變動之外，還有交易對手違約的風險，包括發生交易對手違約所導致股票的全部市場價值的損失。

績效費用風險

管理公司可能有資格獲得績效費用。雖然績效費用的主要目標是進一步加強管理公司與投資人之間利益的一致性並獎勵績效表現優異，但績效費用可能會造成管理公司及其代理機構進行較高風險的投資和交易，比沒有績效費用時所承做的投資和交易風險高。

管理公司可能有資格從特定子基金獲得績效費用，該費用將由已實現和未實現利得計算。投資人應注意這是一個固有風險，績效費用可由未實現利得支付，但可能這些利得永遠不會實現。

私募投資公開股權（“PIPES”）風險

對上市公司的私人採購和結構化可轉換證券（“PIPES”），與股票掛鉤證券的投資提供了巨大收益的機會，但也涉及高度風險，包括資本的完全損失。在這些風險中，一般風險與投資於虧損經營的公司或不同時期經營結果有很大差異的公司，以及投資於需要大量額外資本以支援擴張或實現或維持競爭地位的公司有關。此類公司可能面臨激烈的競爭，包括來自具有更大財務資源、更廣泛的開發、製造、營銷和服務能力以及更多合格管理和技術人員的公司的競爭。任何此類投資組合公司的證券都可能交易貧乏且資本不足，因此將對不利的業務或財務發展更加敏感。如果任何此類投資組合公司無法產生足夠的現金流，或籌集額外的股本以滿足其預計的現金需求，基金在此類投資組合中的投資價值可能會大幅減少甚至完全損失。

投資組合周轉率風險

在投資經理公司以及/或是共同投資經理公司認為適當時得賣出證券或是簽訂或出脫衍生性金融工具的部位，無須在意基金持有該工具的時間長短。這些活動增加基金的投資組合周轉率，並可能增加基金的交易成本。

私人公司風險

與公開交易的股票相比，對私人公司發行的證券的投資涉及很大程度的風險和不確定性。這些投資通常是在成立時間很短、業務經驗很少的公司進行的，因此對未來價值增長的任何預測都存在高度的不確定性。

私人公司發行的證券投資也受限於流動性，因為它們不是在有組織的市場上交易的。

實體資產風險

投資於實體資產證券或與實體資產掛鈎的證券的基金，將承受與多種因素有關的特定風險，這些因素包括地方、區域和國家的經濟狀況、利率和稅收考慮因素。實體資產市場的表現可能與股票和債券市場幾乎沒有關聯。即使於有利的經濟環境下，投資於實體資產的基金仍有表現不佳的風險。

不動產投資信託證券（“REITs”）的價值可能受其所屬不動產以及其他因素的影響，價格傾向於上下波動。不動產投資信託的績效表現取決於其所屬不動產的性質與所在地點，以及是否能有效管理。租金收益的衰退可能歸因於過多的空屋、增多的競爭者、承租人無力支付租金或是不良的管理。不動產投資信託的績效表現亦取決於該公司購置資產與維修的財務能力與現金流量的管理。由於不動產投資信託通常僅作有限數量的投資案或是侷限於特定市場區塊，因此，相對於其他投資範圍較為分散的投資種類，它對單一投資案或市場區塊的不利影響會更加敏感。

基礎建設公司證券係指主要從事與基礎設施活動相關公司的證券，這些活動包括海港、機場、鐵路、道路、管道、能源生產設施（煤炭、石油、核能、水力發電或太陽能）、電力輸送、水處理廠或與這些業務相關的活動。這類公司可能會因諸如獲得必要的許可證、獲得環境許可、符合監管標準、要求或準則之類的挑戰而遭受波動、亦或受到經濟活動的層面、天氣、自然災害、政府行為、內亂或恐怖主義行為的影響。由於集中於單一產業，這類基金與遵循多元化投資政策的基金相比，其波動性可能更高。

擔保品再投資風險

擔保品再投資敘述於本公開說明書附錄 B 第 3 點“金融衍生性商品”，此章節列示有關適用正常投資的全部風險考量因素。

附買回及附賣回交易風險

本公司之附買回或附賣回交易列示於本公開說明書附錄 B 第 4 點所述“與可轉換證券及貨幣市場相關之技術與投資工具的運用”涉及特定風險且其風險不保證該運用將達成基金所尋求之投資目標。

有關附買回交易，投資人必須特別注意（1）若交易對手發生疏失時，本基金已投入的現金將承擔的風險為基金所收取的擔保品可能產生的收益少於已投資出去的現金，不管是否因為擔保品定價不精準、不利的市場變動、擔保品發行公司的信評惡化、或是擔保品的交易市場缺乏流動性；（2）(i)在過度規模或存續期間的交易鎖住現金、(ii) 延遲重新取得已投資出去的現金、(iii)在擔保品變現的困難可能使基金在因應贖回請求、證券購買、或是更一般性再投資的能力上受到限制；以及（3）附買回交易（有些情況可能會）將進一步使基金曝險於類似選擇權或是遠期衍生性金融商品所關聯的風險，該等風險已進一步敘述於本公開說明書的其他章節裡。

關於本公司在附買回交易所收取的擔保品得為現金、美國政府或機構的國庫券，或是由美國政府以誠信全力支持的國債或歐盟政府或機構（包含超國際機構）的債券。任

何由附買回交易所產生的增加收益將累積到相關的基金裡。

在附賣回交易，若購買的證券之價值相對於相關基金持有的現金或保證金之價值減少，基金可能會蒙受損失。

重整公司風險

有些基金也可能投資在公司業務涉及合併、整合、清算與組織重整(包括那些涉及破產的公司)，或是存有投標或移轉開價的證券，以及可能參與這類交易；他們也可能購買進行組織改造或是財務重整的負債公司之有擔保與無擔保的受惠權或參與權。這類投資也涉及較高的信用風險。組織改造或財務重整的公司往往有相對薄弱的財務狀況，也可能受到重整所涉及的公司的業務和管理結構可能是分裂性的風險，這可能會使基金承擔較高的投資風險。

擔保品再利用和金融工具風險

依據市場標準的店頭衍生性商品、證券借貸、附買回或附賣回交易協議，當證券移轉給交易對手時，交易對手將取得 (i) 依移轉擔保品的安排，取得所收取證券之完整合法所有權，或 (ii) 依證券擔保品的安排，取得所收取證券的使用權利。

根據 2015 年 11 月 25 日歐洲議會和理事會 (EU) 2015/2365 號法規第 15 條有關證券融資交易及再利用的透明度，及第 648/2012 號 (EU) 修訂條例的要求，交易對手應書面通知基金下述可能涉及的風險和後果：(i) 決定所收授移轉擔保品的安排；(ii) 依證券擔保品的安排，提供擔保品所授予的使用權利；摘要如下：

- 這些金融工具中的所有權利，包括基金可能擁有的任何專有權，將由無擔保合同債權代替，以交換等值的金融工具，但要遵守相關主協議的規定；
- 交易對手不會按照客戶資產規則持有金融工具，且任何資產保護權利皆不適用（例如，金融工具不會與交易對手的資產分離，也不會以信託形式持有）；
- 如果交易對手依據相關主協議進入破產或違約狀態，本基金向交易對手求償交付等值的金融工具將不受擔保，且應遵守相關主協議和適用法律的條款。因此，基金可能無法收到等值的金融工具或恢復金融工具的完整價值（儘管基金曝險部位可能會降低至交易對手具償債能力的程度，亦即得藉由參考交易對手的義務來抵消或扣除其債務，以交付等值的金融工具予基金）；
- 如有清算機構依相關的清算計劃向交易對手行使其權力，則基金得對交易對手採取任何行動，例如，依據相關清算計劃終止相關的主協議，及：
 - a. 基金求償交付等值的金融工具可能會減少（部分或全部）或轉換為證券；及
 - b. 資產或負債的轉移可能導致基金向交易對手求償，或交易對手向基金求償，由於資產或負債係於不同實體間轉移，儘管基金行使清算權的能力有受到相當程度的保護，但仍受限於行使抵銷或扣除權利的可能性；
- 在遵守相關主協議的條款的前提下，(i) 基金無權行使何與金融工具相關的表決，同意或類似權利，及 (ii) 交易對手無義務通知基金任何有關這些金融工具的公司事件或行動；

- 如果交易對手無法在時限內取得等值的金融工具交付給基金，則基金可能無法履行與這些金融工具交易相關的結算義務；
- 基金無權收取與這些金融工具相關的任何配息、息票或其他付款，利息或權利（包括隨時產生或提供之證券或財產），儘管基金得透過這類配息、息票或其他付款（“製造付款”）記入貸方；
- 稅收處理適用於（i）已轉移或用以擔保的金融工具（和任何等值金融工具）和（ii）製造付款的稅收處理與這些金融工具的原始配息、息票或其他付款的方式有所不同。

俄羅斯與東歐市場風險

投資證券的發行公司設立於俄羅斯、東歐的國家以及新獨立國家，例如：烏克蘭和在過去受到前蘇聯統治的國家涉及顯著的風險以及特殊考量因素，與投資於發行公司位於歐盟會員國家與美利堅合眾國的證券是大不相關。任何這類投資除了固有正常風險外，尚須包括：政治、經濟、法律、貨幣、通貨膨脹和稅賦風險。還有由於缺乏完備體系以供證券的轉讓、競價、會計處理以及證券的保管或是紀錄的虧損風險。

尤其，俄羅斯市場在有關於證券的交割以及保管上顯現出多種風險。這些風險來自實體證券並不存在的結果，因此，證券所有權只有在證券發行公司有登記註冊的股東得以佐證。每個證券發行公司負責其本身註冊紀錄公司的指派。結果造成數百個註冊紀錄公司跨越分散於廣大的俄羅斯版圖。俄羅斯的證券暨資本市場聯邦管理委員會（“證管會”）已經為註冊紀錄活動下定義，包括：制定何者為證券所有權佐證資料以及轉讓程序。然而，推行證管會規定的困難處是指潛在的損失或錯誤依然不變並且無從保證註冊紀錄公司的執業是遵照適用的法律與規定而言。廣泛被接受的業界實務如今依舊處於建構階段。

當有註冊登記發生時，註冊紀錄公司會即時在特定時點開出註冊股東的引用憑證。股份的所有權是被歸屬在註冊紀錄公司的紀錄，而非以註冊股東所擁有的引用憑證作證。引用憑證只是註冊登記已發生的證據。況且，引用憑證是不能夠轉讓而且沒有內在價值。此外，註冊紀錄公司是典型地不接受將引用憑證做為股份所有權的證明，而且若有任何註冊股東的變更也沒有義務去告知保管機構或是俄羅斯當地代理公司。俄羅斯的證券不是以實體證券方式存放在保管機構或是俄羅斯當地代理公司。類似的風險可適用於烏克蘭市場。

所以，保管機構和俄羅斯或烏克蘭當地代理公司兩者在執行實體證券保管或是傳統觀點的保管功能上皆不能被列入考慮。註冊紀錄公司不是保管機構和俄羅斯或烏克蘭當地代理公司的代理人，也不須對前述兩者負責。保管機構的義務僅延伸至其自身的疏忽或惡意怠職，以及俄羅斯或烏克蘭當地代理公司所造成的疏忽或惡意不當行為；並沒有延伸到來自任何註冊紀錄公司的清算、破產、疏忽或惡意怠職所造成的損失。在這類損失的情形下，本公司必須直接向發行公司以及/或是其指定的註冊紀錄公司追訴其權利。

然而，在俄羅斯交易系統股票交易所（“RTS”）或是莫斯科銀行間貨幣交易所（“MICEX”）進

行交易之證券可以視為證券投資於受管轄市場。

於 2013 年 4 月，俄羅斯為致力於全面改革其股份登記制度而實施新的國家結算保管所(“NSD”)作為俄羅斯的有價證券集中保管中心(“CSD”)。國家結算保管所是由俄羅斯證券監管機構，即金融市場聯邦服務(“FSFM”)所監管。保管機構目前已經確認所有基金之合格有價證券部位已被移至國家結算保管所。

最近實施的國家結算保管所作為俄羅斯的有價證券集中保管中心已緩和主要疑慮其加速俄羅斯保管信函。所有俄羅斯證券過戶及結算現在要求在國家結算保管所系統產生，其系統對這些交易的決定性有具體規範。因此，所有的證券交易被記錄於單一中央系統，而不是僅在各種不同私有註冊單位的帳簿。

證券借貸風險

本公司之證券借貸交易列示於本公開說明書附錄 B 第 4 點所述“與可轉換證券及貨幣市場相關之技術與投資工具的運用”涉及特定風險且其風險不保證該運用將達成基金所尋求之投資目標。

投資人必須特別注意基金所借出證券的借券公司若發生違約、破產或是無力償還時，基金將有延遲重新取得這些借出證券的風險(其可能對基金在因應證券出售而須履行交付義務或是來自贖回請求的款項支付義務的能力上受到限制)、或是甚至喪失對取得之擔保品的權利，而緩和這些風險得藉由周密的借券公司信譽分析來決定該借券公司在預計借券的時間範圍內變成為涉及無力償還/破產訴訟的風險程度。若基金所借出證券的借券公司未能返還這些證券，則可能造成收取的擔保品實現低於借出證券的價值之風險，無論是由於不精準的定價、不利的市場變動、擔保品發行機構的信評惡化或是擔保品交易市場缺乏流動性所致。

本基金或可將自借用人取得之現金擔保再投資。現金擔保再投資會有價值或報酬低於應返還於借用人數額之風險，且該等損失或將超過本基金由證券借貸賺取之數額。

證券化風險

證券化，於 2017 年 12 月 12 日歐盟議會理事會透過 2017/2402 號規範(EU)第 2 條所定義，是一項交易或計劃，其相關資產或相關資產池的信用風險移轉曝險，所有特徵如下：(i) 交易或計劃依具相關資產或相關資產池的表現作為各個組別支付 (ii) 交易或計劃於持續年期內的虧損分攤依次級資產各個組別償付 (iii) 交易或計劃不會產生歐盟議會理事會第 147(8)條 575/2013 號規範(EU)所列特徵。

證券化包括廣泛的資產含“資產擔保證券”、“擔保抵押貸款憑證”以及“抵押貸款證券”。

證券化結合各種不同的份額通常是由股權分割(高風險)至最高等層級以多個組別(最低風險)組成。各個組別的表現由資產或“擔保的資產池”決定。

擔保所持資產可包括不同信用評等的證券，包含非投資等級證券以及垃圾債券以及不

同順位層級的信評，此不影響資產的品質。

抵押貸款證券不同於傳統貸款證券，傳統貸款證券主要持有證券期間完成支付，而非有到期日。由於自願性的提前還款、再融資或是標的抵押貸款的回贖權取消，本基金可能在證券到期日之前就收到非計劃性的本金提前還款。對於基金而言，這表示預期利息收益的損失以及基金可能已經支付象徵其本金投資部位的任何於購買時可能已經支付超出面額的溢價。當利率下跌時，抵押貸款提前還款通常會增加。

抵押貸款證券也需承受延遲的風險。非預期的利率上升，可能降低在抵押貸款證券的預付款項率而延長其有效期間。這可能造成抵押貸款證券的價格對於利率的變動更加敏感。抵押貸款證券的發行公司可能對於堅持標的資產證券利息以及信用增強以提供支持證券的能力有限，若有的話，則可能於違約時不能勝任保護投資人。

擔保抵押貸款憑證（CMOs）是由傳遞貸款證券池支持的證券或是由經結構為各種順位層級具有不同期限及擁有標的資產不同利息和本金償還的順位的實際抵押貸款所支持的證券。這些證券，根據不同順位，將有不同程度的提前償還風險及信用風險，這將取決於它們的資本結構的優先等級。相較於期限較長、次順位的層級，期限較短、較優先順位層級通常風險較低。

抵押貸款證券可能為僅支付利息（IO）或僅支付本金（PO）證券，其中只有將抵押貸款池所產生的利息或本金轉撥給證券持有人。這類證券與抵押貸款對提前償還的敏感度高，且會與提前支付趨勢表現相反。對於僅支付利息證券，提前還本意味低於預期的利息，因為抵押貸款將終止，將對證券持有人帶來不利影響。對於僅支付本金證券，提前償還意味償還本金速度較預期快，有利證券持有人。由於這些證券的高度敏感特性，其價格大幅下跌的機率遠高於傳統的抵押貸款證券。

抵押貸款證券和資產擔保證券可能為組合證券。舉例而言，CMBX 指數係由可有效對應一非投資等級指數的 CMBS 債信用違約交換所建構而成的。透過買進該類投資工具，基金就如同買進保障（例如若發生不利之信用事件，具有取得債券票面金額的能力），使基金能進行避險操作或放空 CMBS 債。若藉由賣出空頭部位並持有現金，基金就如同賣出保護，且能以較買進個別債券更具效率的方法來取得 CMBS 債多頭部位。除了在不利的市場情況下，組合商品本身表現未如預期的風險之外，該組合商品相關風險與該商品尋求複製之抵押貸款證券和資產擔保證券標的相當。

資產擔保證券與抵押貸款證券非常相似，除了該證券是由抵押貸款以外的資產作為擔保，如信用卡應收款、住宅權益貸款，活動房屋、汽車貸款、學生貸款，設備租賃、或優先銀行貸款等。諸如抵押貸款證券與資產擔保證券需承受提前償還以及展延風險。

擔保債務憑證/擔保債務憑證（CLOs/CDOs）與 ABS/MBS 證券類型相似。主要不同之特點為擔保債務的內容為非由債務證券或抵押證券構成，而是由企業發行之槓桿貸款工具。

除此之外，一般風險與債權證券以及資產單保證券相關（如利率風險、信用風險以及

違約風險），CDOs 及 CLOs 並另有其他風險，包括但不限於(i)擔保的證券將不足以支付利息或其他款項的可能性 (ii) 擔保的品質得調降或違約或調降信評(iii)基金得投資投資 CDOs 或 CLOs 份額或次其他層級；以及 (iv) 投資時可能無法瞭解證券複雜結構而可能導致難以評估證券或不可預期的投資結果。

中小型公司風險

中小型公司可能在資本成長提供豐盛的機會，但是他們也涉及可觀的風險且應該被認定具投機性。從歷史角度，中小型公司證券的價格比起大型公司證券還要波動劇烈，特別是在短期間內。在諸多價格波動較大的原因像是中小型公司較缺乏成長前景、這類證券在市場的流動性程度較低，以及中小型公司對於經濟情況變遷較為敏感。

此外，中小型公司可能缺乏健全管理，無法取得為維持公司成長或發展所需的資金，且僅擁有少量的產品線，或是為支撐新產品開發或行銷服務支出所需之實際市場需求仍尚未形成、也可能永遠不會出現。中小型公司可能會特別受到利率上升的影響，因為他們可能會發現更難籌措到資金來持續或擴大營運，或者可能難以償還其浮動利率的貸款。

若為註冊於新興市場與開發中國家或於上述地區有重要業務活動的中小型公司的股票，其風險通常會增加，尤其新興市場的上述公司的股票流動性可能比已開發國家中的同類型公司股票低很多。

結構型商品風險

結構型商品例如：信用連結商品、股權連結商品以及類似商品為涉及交易對手而建構出的商品，其價值意圖與商品連結的特定標的證券之變動是一致的。不同於衍生性金融商品，現金將從商品的買方轉換到商品的賣方。如果標的證券的價值減少，則可能對這些工具的投資造成虧損。商品發行單位違約也是一種風險。而這類商品計畫的文件傾向高度客製化的事實產生額外的風險。結構型商品的流動性可能較其所連結商品標的證券如一般的債券或債務工具為低，對賣出部位的能力或是這類賣出交易的價格可能造成不利的影響。

特殊目的收購公司風險(SPACs risk)

基金可以直接或間接投資於特殊目的收購公司 (SPAC) 或類似特殊目的實體，這些實體面臨與其他股權證券相關的風險外之其他風險。SPAC 是一家上市公司，它為收購或與現有公司合併而籌集投資資金。除了尋求收購外，SPAC 沒有任何經營歷史或正在進行的業務，其證券價值取決於 SPAC 管理層確定合併目標和完成收購的能力。一些 SPAC 可能只在某些行業或地區進行收購，這可能會增加其價格的波動性。此外，這些可在場外交易市場交易的證券可能被視為缺乏流動性和/或可能受到轉售限制。

顯著槓桿風險

雖然 UCITS 基金不允許為投資目的之現金借款（傳統槓桿），但可能透過使用衍生性金融商品而有槓桿風險，於“衍生性金融商品風險”有更詳細的敘述。依據其投資策略的本質，特定基金可能透過衍生性金融商品而獲得高程度的槓桿，無論其用途如何，例如：以投資目的或避險目的。舉例，衍生性金融商品經常用於降低風險，也有助於增加給定基金的槓桿水準，當以名目條件表述時。特定衍生性金融商品具有潛在的高度槓桿作用，無論原始投資的大小如何。使用顯著槓桿水準可能導致基金清算投資組合部位以履行其義務，或者在不太有利的情况下符合資產隔離要求。因此，衍生性商品契約相對小的價格變動，可能會對相關基金造成重大損失。

伊斯蘭債券投資風險

伊斯蘭債券的價格變動係顯著地受資本市場利率發展所影響，而這又受宏觀經濟因素之影響。伊斯蘭債券當資本市場利率上升時遭受損失，反之當資本市場利率回落時可增加價值。價格的變化還取決於伊斯蘭債券到期期間或剩餘到期時間。一般而言，短期伊斯蘭債券相較於長期伊斯蘭債券有較低的價格風險。然而，他們通常具有較低的報酬，係由於證券投資組合到期日越頻繁，涉及到更高的再投資成本。

主權伊斯蘭債券（下稱「主權伊斯蘭債券」）是由政府或政府相關機構所發行或保證的伊斯蘭債券。投資由政府或其代理機構及部門（下稱「政府實體」）發行或擔保的主權伊斯蘭債券涉及高風險。政府實體掌控主權伊斯蘭債券的償還，可能無法或不願意償還本金以及/或由於特定的因素該債務因此到期，此包括但不限於：(i)外匯準備金，(ii)其於還款日的外匯可用金額；(iii)其未能實施政治改革，以及(iv)其與國際貨幣基金組織（IMF）相關的政策。

主權伊斯蘭債券持有者或將被主權發行人的額外限制而受到影響，可能包括：(i)債務發行者單方的改期及(ii)對發行人的有限法律追索權(如果發生遲延還款失敗)。

本基金投資在由新興或邊境市場國家的政府或政府相關機構所發行的主權伊斯蘭債券承受額外風險，連接到的這些國家的特定風險（例如貨幣波動，政治和經濟的不確定性，匯出限制等）。

永續發展風險

投資經理公司認為永續發展風險與基金的報酬有關。將永續發展風險整合到投資決策過程中，可能會導致將有利的投資排除在各基金的投資範圍之外，還可能導致各基金出售將繼續表現良好的投資。

永續發展風險的投資在一定程度上為主觀的，不能保證本基金所有投資都能反映任何特定投資人的信念或價值。

隨著環境、社會或公司治理事件或情況的發生，永續發展風險可能對一項或多項投資的價值造成重大負面影響，進而對基金的報酬產生負面影響。

永續發展風險可用不同的方式呈現，例如但不限於：

- 不遵守環境、社會或公司治理標準，從而導致聲譽受損，對產品和服務的需求下降或對公司或企業集團的商機的損失，
- 法律、法規或產業規範的變化導致可能的罰款、制裁或消費者行為的變化，從而影響公司或整個企業集團的成長與發展前景，
- 法律或法規的變更，可能會產生更高的需求，因此，認為符合較高 ESG 標準的公司的證券價格會上漲過高。如果市場參與者對公司遵守 ESG 標準的看法發生變化，這類證券的價格波動可能會更加劇烈，並且
- 法律或法規的變更，可能會激勵公司提供有關其環境、社會或公司治理標準或活動的誤導性訊息。

通常考慮永續發展風險的因素分為“環境、社會及公司治理”（ESG），例如但不限於以下主題：

環境

- 氣候緩解
- 適應氣候變化
- 保護生物多樣性
- 永續利用及保護水和海洋資源
- 轉型至循環經濟，避免浪費和回收
- 避免和減少環境污染
- 保護健康的生態系統
- 土地永續利用

社會事務

- 遵守公認的勞動法標準（無童工和強迫勞動、無歧視）
- 遵守就業安全和健康保護
- 適當的報酬、公平的工作環境、多樣性以及培訓和發展機會
- 工會的權利和集會自由
- 保證產品安全性合適，包括健康保護
- 對供應鏈中的企業應用相同的要求
- 包容性項目或考慮社區和社會少數群體的利益

公司治理

- 稅收誠實
- 反腐敗措施
- 董事會的永續發展管理
- 基於永續發展標準的董事會薪酬
- 舉報的便利性
- 員工權益保障
- 資料保密保證

永續發展風險可能導致投資標的的財務狀況、獲利能力或聲譽顯著惡化，進而可能嚴重影響其市場價格或流動性。

互換交易協定風險

若與本公司直接投資在金融工具所產生的特定合意報酬相比較，本公司可能參與利率、指數以及匯率互換交易協定以企圖用對本公司而言較低的成本去獲取前者特定合意報酬。互換交易協定是種雙方合約，主要由機構投資人參與，其合約期間範圍從少則數日或超過一年不等。在標準的“互換”交易裡，雙方同意交換賺取的報酬（或是差別報酬率）或是在特別預定的投資或者投資工具所實現的報酬（或是差別報酬率）。在雙方間被交換或被互換的毛報酬是相關於“全國性數量”做計算，例如：特定美元數量投資於特定利率、特定外幣，或是代表特定指數的一籃證券之報酬或是價值的增加。互換交易協定的“全國性數量”用在計算交易雙方同意交換的債務僅是個虛構的基礎。在互換交易協定下本公司的債務（或權利）通常僅等於應支付的淨額或是協定個別參與者依約收取根據所持有部位的相對價值（“淨額”）。

不管本公司在使用互換交易成功與否，在推動投資目標上則須仰賴投資經理公司以及/或是共同投資經理公司的能力去正確地預測是否特定種類的投資比起其他投資有可能產生更大的報酬。互換交易協定可能被認為無流動性可言，因為是種雙方合約而且合約期間可能超過七個日曆日。再者，若交易對方發生違約或破產時，本公司承擔的損失風險為預期可從互換交易協定所獲取的金額。投資經理公司以及/或是共同投資經理公司謹遵照附錄B之指導方針促使本公司參與互換交易協定。決定互換交易契約表現的主要因素為標的投資價格的變動、特定利率、貨幣以及其他用於計算交易對手到期款項的因素。假如互換交易契約需要由基金支付款項，後者必須能夠兌現所述付款。此外，假如交易對手喪失其信譽，與該交易對手簽訂的互換交易契約的價值可能會下降，將會導致基金潛在的損失。

主題投資風險

如投資經理公司未能正確識別此類投資機會，或該主題投資的發展超乎意料，則投資策略中包含識別主題投資機會的基金，其績效可能受到不利影響。

基金投資主題內的公司可能面臨激烈競爭，且產品可能淘汰迅速。故無法保證這些公司能夠成功地保護自己的智慧財產權，以防止其技術被盜用，或者無法保證競爭對手不會開發與該公司相似或更優的技術。這些公司可能會在研發上投入大量資金，但無法保證這些公司生產的產品或服務會成功。

此外，基金投資主題內的部份公司，將來可能面臨更趨嚴格的監管審查，故可能會限制其技術或業務的發展，並阻礙公司成長。

因此，於基金投資主題內的公司，其價值可能因上述一個或多個風險因素而大幅變化或下跌。

子基金投資風險

基金的績效表現係直接受到該基金所持有的任何投資基金績效表現影響；而基金達成投資目標的能力，則（在某種程度上）直接關係著子投資基金能否達成投資目標。

對基金來說，投資於其他投資基金可能比基金如果直接投資於標的證券更加昂貴。基金股東將間接負擔所連結標的投資基金之費用與開支（包括管理和顧問費用以及其他費用）。基金所持有的任何特定制子投資基金的股份淨資產價值可能在附錄 D 所列特定情況下（“暫停資產淨值計算”）而暫停計算。若發生此種情況，其可能阻礙基金達成贖回要求的能力。

標的指數股票型基金（“ETF”）可能會以其資產淨值的溢價或折價交易，因為在交易所買賣 ETF 股票時，其價值可能受到與資產淨值無關的因素而波動。

認股權證風險

投資及持有權證可能導致某些基金的淨資產價值波動增加，因其利用權證而伴隨著較高程度的風險。

投資人應該了解所有投資皆涉及風險並且無法擔保能抵抗任何基金的投資虧損，亦無法確信基金的投資目標能夠達到。無論是本公司、管理公司、投資經理公司或是其全世界的分支附屬機構都不能擔保本公司或是任何旗下基金的績效表現或未來的任何報酬。

管理公司

董事會依 2014 年 1 月 15 日之管理公司服務合約，已指派富蘭克林坦伯頓國際服務有限公司為管理公司，其在董事會之監督下負責對所有基金提供日常行政、行銷、投資管理及顧問服務。管理公司得將部分或全部投資管理服務授權予投資經理公司。

管理公司董事會成員已指派 Eric Bedell、A. Craig Blair、John Hosie、Daniel Klingelmeier、Rafal Kwasny、Maxime Lina、Luis Perez、Marc Stoffels 以及 Grégory Surply 擔任執行長，依照 2010 年 12 月 17 日法規第 102 條之規定負責管理公司的日常管理。

管理公司係依盧森堡大公國法律成立於 1991 年 5 月 17 日且其公司章程係存放於盧森堡商業註冊處。管理公司獲准為管理公司並受 2010 年 12 月 17 日法規第 15 章節之規範。管理公司為富蘭克林坦伯頓基金集團之一部分。管理公司之資本額為 4,605,383.00 歐元，且管理公司將隨時遵循 2010 年 12 月 17 日法規第 102 條之規定。

管理公司亦可能被指派擔任其他投資基金之管理公司，得視需求向本公司及管理公司之註冊辦公室取得該等清單。

管理公司須確保本公司遵循投資限制及監督本公司策略及投資政策的執行情形。

管理公司將收到來自投資經理公司詳述本基金之績效表現及分析其投資的定期報告。管理公司將收到來自其他服務公司提供有關其服務之相似報告。

管理公司負責之註冊單位、公司、戶籍以及行政代理職能得授權委任並且在營運過程中已將主要行政職能委任予第三方，請詳如下“行政代理機構”及“註冊及股務代理機構”章節所述，但仍受管理公司的全面管理和監督。

管理公司每季應向董事會報告並將任何本公司未遵循投資限制之情形通知董事會。

投資經理公司

在“行政資訊”章節提及由管理公司指派擔任基金的投資經理公司並且做為富蘭克林坦伯頓基金集團內許多分支機構的投資顧問公司，提供有關基金淨資產的投資與再投資的逐日管理。

投資經理公司得為或不為富蘭克林坦伯頓基金集團之一部分。

投資經理公司依管理公司合理要求的頻率下，須向管理公司遞交其所管理之基金的資產組成書面報告。

投資經理公司及其分支機構在許多國家對廣泛多樣的公開投資共同基金以及私人客戶提供顧問服務。富蘭克林坦伯頓基金集團進行全球化投資已超過 60 年並以全球客戶為基礎，包括：超過二千四百萬個股東帳戶，提供投資管理和顧問服務。富蘭克林坦伯頓投資經理公司為富蘭克林公司（“FRI”）所間接完全持有的子公司。透過其子公司，富蘭克林從事於許多不同層面的金融服務產業。有關富蘭克林坦伯頓基金集團目前所經理的資產價值資料得於 <http://www.franklintempleton.lu> 的網站查詢。

保管機構

摩根歐洲盧森堡分行（J.P. Morgan SE, Luxembourg Branch）已被任命為保管機構向本公司提供存託、保管、結算以及特定其他關聯的服務。

JP Morgan SE，一家根據德國法律組建的歐洲公司（Societas Europaea），註冊辦事處位於 Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Germany，並在法蘭克福地方法院註冊。它是一家信貸機構，受歐洲中央銀行 (ECB)、德國聯邦金融監管局 (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) 和德國中央銀行的直接審慎監管。摩根歐洲盧森堡分行(J.P. Morgan SE, Luxembourg Branch)獲得 CSSF 的授權，擔任保管機構和基金管理人。摩根歐洲盧森堡分行(J.P. Morgan SE, Luxembourg Branch)在盧森堡貿易和公司註冊(RCS)註冊，編號為 B255938，並接受上述母國監管機構的監管以及 CSSF 的當地監管。

保管機構將進一步：

- a) 確保由本公司或其代表所執行股份的發行、贖回與註銷是根據 2010 年 12 月 17 日法規及公司章程進行；
- b) 確保本公司的每股價值是依據 2010 年 12 月 17 日法規及公司章程進行計算；
- c) 執行，或是在適用的情況下使任何次保管機構或其他保管委託代表來執行，本

公司或是相關投資經理公司的指示除非其與 2010 年 12 月 17 日法規或公司章程有所衝突；

- d) 確保涉及本公司資產之交易在平常時限內被提出考慮；以及
- e) 確保本公司能適用的收益是依據公司章程。

保管機構得委託所有或是部分的本公司資產，保管機構對這些次保管機構持有監管權因為其得不時由保管機構決定之。除非提出適用之法規，否則保管機構的責任將不受在其管理下已將資產的全部或部分委託予第三方此事實的影響。

保管機構將依據如同保管機構、本公司與管理公司間簽訂之存託協議所進一步述明的適用法律來承擔其職務與責任。

存託協議

本公司是依據 1994 年 8 月 31 日存託協議指派摩根歐洲盧森堡分行為保管機構，另於 2016 年 3 月 18 日修訂與重述存託協議也由管理公司參與簽訂（以下稱“存託協議”）。

保管機構將依據合格從事可轉讓證券集合投資事業指令（其已扼要述明於存託協議裡）來履行所有保管機構的職責與義務。

存託協議得由任何一方以 90 天的書面通知終止合約關係。根據適用的法規，存託協議亦得由保管機構以 30 天的書面通知終止合約關係，如果(i)由於管理公司以及/或是本公司的投資決定，保管機構無法在適用的法規下確保本公司投資所要求的保護層級；或(ii)本公司，或是代表本公司的管理公司，希望投資或繼續在任何司法管轄區進行投資，儘管事實是：(a)這類投資可能使本公司或其資產曝險於實質的國家風險，或(b)保管機構無法獲取符合要求的法律諮詢證實，除此之外，如果在該司法管轄區內的次保管機構或是其他相關機構發生破產時，持有於當地託管的本公司資產是不會為了這些次保管機構或是其他相關機構債權人的利益而用來分配或變賣。

任何此類通知期屆滿前，管理公司應提出符合 UCITS 指令要求的新保管機構，以便將本公司資產移轉至新保管機構，且其應從(原)保管機構接管擔任本公司(新)保管機構之職務。本公司及管理公司將盡最大的努力尋找合適的接管保管機構，而(原)保管機構將繼續依據存託協議履行其服務直到此類替換已被指派。

依據 UCITS 指令，保管機構將負責本公司資產的妥善保管及所有權確認、現金流量監測與監督。在履行其擔任保管機構之任務，保管機構將不受本公司與管理公司支配，並僅就本公司及其投資人的利益獨立行事。

保管機構對本公司或其投資人在由保管機構或是任何其委託代表所託管持有之金融工具的損失負有法律責任。然而，若是保管機構能夠證明已發生的損失是超出其合理控制之外部事件的結果，該事件任憑盡了所有合理的努力還是不可避免事與願違的後果，則保管機構將無須負擔法律責任。保管機構也對本公司或其投資人在保管機構依據所適用的法規合理地執行其職務時怠忽職守或是蓄意過失的結果所遭致的所有其他損失負有法律責任。

利益衝突

保管機構應為股東利益誠實地、公平地、專業地、獨立地及純粹地執行其功能。

保管機構可以隨時與其他客戶、基金或其他第三方安排提供保管及相關服務，此為全球保管機構正常業務過程中的一部分。對於多重業務銀行集團，如摩根大通集團，利益衝突可能隨時於保管機構與其保管代表機構之間產生，例如，當委任代表機構為關係集團公司，且其向基金提供產品或服務，而對於該產品或服務有財務或商業上利益；或當委任代表機構為關係集團公司，並因其所提供給基金之其他相關保管產品或服務而收取報酬，如外匯、證券借貸、定價或計價服務。當衝突或潛在利益衝突發生，保管機構將考量對本公司應盡之義務(依據適用之法律包括 UCITS 指令第 25 條規定)，且公平地對待本公司以及其他基金，只要是可行的，將確保服務提供者所訂定的契約條款不低於對本公司而言若潛在衝突並不存在時所訂的條款。這些潛在利益衝突可用其他不同方式加以辨識、管理和監控，包括但不限於層級和功能上從保管機構其他潛在衝突的存管職能中劃分，以及藉由保管機構遵循其本身之利益衝突政策。

次保管機構和其他代表機構

當選擇委任次保管機構或其他代表機構，依據 UCITS 指令要求，保管機構將執行所有應盡之職責義務，以確保委託本公司之資產只由代表保管機構提供妥善標準保管之責任。保管機構與次代表機構使用之次保管機構和其他代表機構最新名單，得於 <http://www.franklintempleton.lu> 網站線上查詢，點選“Literature”中的“Subcustodians”標籤。投資人也可是向本公司要求取得該名單的最新版本。

此外，投資人也可是透過本公司註冊辦事處以取得任何保管機構職責以及任何可能由保管機構被委託之保管職責產生的利益衝突，第三方代表名單以及任何可能由代表機構產生的利益衝突之最新訊息。

註冊及股務代理機構

Virtus Partners Fund Services Luxembourg S.à.r.l. 已被管理公司任命為本公司的註冊及股務代理機構以執行依據與本公司協議的註冊及股務代理服務。這些服務和其他的事物，包括：(i) 本公司股東登記的維護，(ii) 新戶和認識您的客戶/洗錢防制服務，(iii) 投資人和經銷商服務，(iv) 交易處理包括股份的申購、贖回和轉換處理，(v) 現金管理、股東支付及對帳，(vi) 佣金計算及支付，(vii) 客戶變動管理，(viii) 經濟合作暨發展組織共同申報標準(CRS)和遵循外國帳戶稅收遵從法案(FATCA)服務，(ix) 定期報告，(x) 支援本公司的投訴處理以及(xi) 技術支援。

Virtus Partners Fund Services Luxembourg S.à.r.l. 為於盧森堡成立的有限責任公司，其註冊辦事處位於盧森堡艾伯特博歇特大道 8A, L-1246 盧森堡，盧森堡大公國。

在適當時，本公開說明書裡有關管理公司在本公司的股份交易相關職責的任何引述也應理解為對任何第三方引述有關管理公司已授權其註冊及股務代理行使職責。

行政代理機構

摩根大通銀行盧森堡分行已被任命為本公司之行政代理機構，依據行政管理協議（“行政管理協議”）向本公司提供部份行政服務。這些服務包括編製與維護會計帳、記錄、稅務、財務報告，和計算本基金的資產淨值。

行政管理協議得由任何一方於 180 天前以書面通知終止合約關係。

依據行政管理協議，若行政代理機構履行任何事項有盡合理注意義務，則行政代理機構對本公司承擔的任何損失或損害概不負責，除非部分行政代理機構有因疏忽、詐欺、故意違約或嚴重違反行政管理協議等之行為。

本公司同意賠償行政代理機構（及其關係企業及其個別董事、管理階層、職員和代理機構）非因行政代理機構有疏忽、詐欺、故意違約或嚴重違反行政管理協議等之行為所產生的任何債務、損失、索償、成本、損害、處罰、罰款、義務或費用（包括但不限於合理的律師、會計師、顧問或專家的費用和支出）。

股價公告

個別基金以及股份類別的每股淨資產價值係於 <http://www.franklintempleton.lu> 及 <https://www.fundinfo.com> 網站公布，亦可向管理公司辦公室洽詢。本公司依法要求安排相關基金之每股淨資產價值公告並由董事會間或決定採用哪些報刊登載。本公司及管理公司對任何登載上的錯誤或延遲或是未經公告的價格不擔負任何責任義務。

投資人一般資訊

事前考量

本公司致力於提供投資人一系列以全球為基礎廣泛地投資於可轉讓證券與其他合適資產並且著眼予多重投資標的之基金選擇：包括資本成長及收益。投資人應該對其自身的投資目標以及個人所適用之當地法規與稅制的狀況做慎重的考量。投資人宜在投資前向財務顧問或稅務顧問諮詢。有關稅賦資訊得進一步參閱“本公司稅賦”及“投資人稅賦”章節的說明。

本公司股份的價格及來自股份的收益可能會下跌與上漲，投資人也有可能無法回收其投資金額。投資人須更特別留意本公司的實際投資所可能引發的特定風險（於此後定義之），其在“風險考量”章節裡有更詳盡的說明。

本公開說明書的發放以及基金股份的銷售可能在某些特定的其他管轄地區有所限制。任何欲申購股份的投資人有責任了解關於本公開說明書所告知的內容，以及遵守任何相關管轄地區所適用的法律與規定。

此外，假如投資人的銀行帳戶位於居住國以外的國家，本公司以及/或管理公司保留要求投資人提供額外資訊以及/或佐證文件的權利，這可能導致延遲處理申購以及/或任何其他交易，直到收到相關且令人滿意的資訊以及/或文件。

投資人應參照本公司有關 KIID 中相關基金股份類別所適用之現行收費及歷史績效圖表。

貨幣市場基金特定資訊

股東應注意下列規範：

- 貨幣市場基金非受擔保之投資；
- 投資貨幣市場基金不同於存款，因為本金投資於貨幣市場基金具有波動性；
- 公司不得仰賴外部支援以擔保基金的流動性或穩定該基金之每一股份之淨資產價值；以及
- 股東承擔本金的損失風險。

依據公開說明書的主要部分向股東提供額外資訊，以下資訊每周可於本公司註冊辦公室以及管理公司網站上(www.franklintempleton.lu)查詢：

- 相關基金投資組合的到期日明細；
- 相關基金的信評資訊；
- 相關基金的加權平均到期日及加權平均餘年；
- 基金前 10 大持股之詳細資訊，包括名稱、國家、到期日及資產類別、附買回及附賣回交易之交易對手；
- 相關基金的總價值；以及
- 相關基金的淨收益率。

股份發行

股份係透過主辦承銷商而發行銷售。主辦承銷商將不時與其他次承銷商、中介機構、經紀商/交易商以及/或是專業投資人簽署契約以銷售這些股份。

在情況許可下，本公司董事會保留權利在任何時候得未經通知，並依公開說明書規定不繼續發行或銷售股份。

本公司有權限制(除了其他任何股份轉讓的限制)因可能認為有必要確保本公司的任何股份不被收購或被(a)任何違反法令或任何國家的要求或政府或監理機構持有(若董事會決定任何公司、任何管理公司(詳本文定義)、投資經理公司或顧問或任何其他因違反此類法令而導致承受不利益)或(b)董事會認為任何人可能應負擔稅負(包括監理機構或任何可能產生的稅務負債，除此之外，來自 FATCA 或共同通報標準的要求或任何相似的區域違反其要求)而導致本公司承擔任何稅收的責任或遭受任何資金方面的不利，包括發生或遭受證券或投資或相似法律的任何國家或監理機構要求註冊(C)任何人其持有之股權集中度，董事會認為危害公司或任何基金的流動性。

更加具體說明，本公司可限制或阻止由任何人、公司或法人公司對本公司所持有股份的所有權，以及不受任何“美國人”的限制，其可詳本文定義。

基於上述的目的，本公司可：

- 1) 拒絕發行的股份及拒絕登記任何股份轉讓，若此類登記或轉換股份導致不得持有

本公司股份的人士為股份的實質所有權人。

- 2) 在不得持有本公司股份的人士現為或將為此類股份之實質所有權人時，或此登記將使不得持有本公司股份的人士為此類股份的實質所有權人的情況下，得考量決定是否為之的必要性後，隨時要求於股東名冊中任何人、或股東名冊任何人尋求登記股份轉讓時，以宣誓方式提供陳述及保證或任何資訊。
- 3) 當本公司之任何人士，當其不得持有本公司股份或一定比例的股份，或本公司合理地認為其為不得持有本公司股份的人士，無論是單獨或與其他人聯名，為股份的實質所有權人，或違反其陳述和保證，或未能及時依本公司之要求做出此類的陳述和保證，本公司可強制此類股東全部或部分贖回其持有的股份，請詳本公司章程更詳盡的規範。
- 4) 拒絕接受不得持有本公司股份的人士在本公司股東的任何會議中的投票。

股份掛牌交易

某些合格的股份類別已經或即將在盧森堡相關股票交易所掛牌交易。本公司董事會可決定任何類別股份在其他任何股票交易所申請掛牌交易。

股份形式及幣別

所有股份是以記名方式發行。畸零的記名股份將會計算到小數點以下三位數。任何股份交易金額多於小數點三位數時將會以慣用的進位法計算到最接近的小數點以下三位數。

根據 2014 年 7 月 28 日有關強制保管以及以無記名形式之不固定股份和單位的法律，所有實體無記名股份於 2016 年 2 月 18 日前未被保管者將會被取消，由取消該實體無記名股份產生的金額已於 2016 年 2 月 25 日存放在 *Caisse de Consignation*，直到單據持有人展示其實體無記名股份要求退還。存款會有存款稅，且進一步可能有特定保管費用，當可能產生時。

本公司及/或管理公司得於同一檔基金提供數種選擇性貨幣股份類別，詳如“股份類別”章節的說明。

交易截止時間

交易截止時間，請參照附錄 A 之說明。本公司及/或管理公司在認為適合的前提下，可能允許各地的承銷商或是橫跨不同時區之管轄區域裡的承銷商採用不同的交易截止時間。在該種情況下，適用之截止時間必須要在可適用之淨資產價值計算且公佈之前。此種不同的交易截止時間應於本公開說明書的當地補充資料、與當地的承銷商的協議或其他相關的行銷資料中揭示。

股價/淨資產價值的計算

個別股份用以申購、贖回或轉換的相關類別股份價格，是在個別評價日參照相關的股份類別的淨資產價值做計算，並於次一營業日公佈。

一些管轄區域在當地假日期間是不准受理投資人的交易。這些安排的細節包含在本公開說明書的當地核准版本裡。

淨資產價值的計算細節，請參照附錄 D 之說明。管理公司在盧森堡或由經授權的承銷商於任何交易日所適用的交易截止時間之前所收到的書面指示，將以該評價日當日所決定的每股淨資產價值處理。

所有交易指示在該評價日的每股淨資產價值判定之前將以淨資產價值未知的基礎上做處理。

交易、股價/淨資產價值的暫停

根據公司章程及附錄 D 上的說明，管理公司得暫停對任何基金的任何股份之淨資產價值（以及隨之發生的申購、贖回及轉換）的計算。在暫停期間所做或未完成的交易指示得撤回，但須在該暫停結束之前使管理公司收到書面的撤回通知。除非撤回，否則會以暫停結束後的第一個評價日當作收到交易指示。

基金清算

如果本基金股份的總價值低於美金五千萬元或約當等值此數之時，或是有關政經情況之變動適合基金進行這類清算考量，或視其是否來自有關基金股東利益的要求，董事會得決定清算並且贖回該基金的所有流通股份，同時寄發通知給記名投資人，告知此項清算。贖回價格將採此基金所有資產變現後計算出來的每股淨資產價值。更多細節，請參閱附錄 C。

申購及轉換成某些基金或股份類別的限制

如果就本公司及/或管理公司的看法為保障既有股東的權益而對基金封閉有必要時，基金或股份類別可能對新投資人或是對所有新增申購或轉換停止受理（但對贖回、轉出或移轉則無限制）。對適用基金封閉的情況並無限定，其一情形可能會是基金已達到市場規模的上限，以及/或是已達到投資經理公司的接受能力，因此允許進一步資金流入將會不利於基金的績效表現。任何基金或是股份類別得無須通知股東而對新投資人或是對所有新增申購或轉換停止受理。

雖然如上述，本公司及/或管理公司得在定期儲蓄計畫這些種類的流量對基金規模上限無妨礙的基礎上，依其判斷允許繼續受理來自定期儲蓄計畫的申購。一旦封閉，基金或股份類別將不再開放，直到有勝過本公司及/或管理公司認為基金軟封閉不再需要的情形發生時。股東及潛在投資人應向本公司、管理公司或是承銷商確認，或是核對載於官網之基金或股份類別的目前狀況。

最低投資金額

經由經銷商代表所屬投資人以其自身名義的投資除外，個別基金股份的最低首次投資金額為美金一千元、I股為美金五百萬元（美國政府基金（**本基金之配息來源可能為本金**）I股除外其最低首次投資金額為美金一百萬元）、J股最低首次投資金額為一億五千萬美元，或是其他等值之可任意自由兌換的幣別。任何基金之現存投資人對現有基金持股之最低增加申購金額為美金一千元或其他等值之可任意自由兌換之幣別。這類最低首次投資金額規定可被董事會或是管理公司全部或部分免除。

在其他管轄區域所適用的任何特定最低投資金額將揭露於本基金公開說明書之當地版本，與當地經銷商簽訂的協議或相關司法管轄區使用的其他營銷材料中披露。

個別基金股份的最低持有金額為美金一千元或等值幣別。

本公司及管理公司有權利拒絕不符合最低投資金額要求之申請。本公司及/或管理公司可在任何時間，決定強制所有股東贖回全部股份，就其持有少於上述或申請書上之特定最低首次投資金額，或不符合公開說明書所載之任何其他適用資格，並關閉投資人的相關投資組合。

經銷商代表所屬投資人以其自身名義申購股份

當地銷售文件得為投資人提供便利性，使其得利用經銷商代表所屬投資人以其自身名義、交易商/經紀商以及/或是當地付款代理機構來申購股份。經銷商名義代表人帳戶的名義將出現在本公司的註冊股東裡，並且代表其相關所屬投資人進行該等帳戶的申購、轉換及贖回股份。

經銷商代表所屬投資人以其自身名義申購股份將自行維護紀錄，並提供相關投資人個別的持股訊息。除非當地法規另有規定，否則任何透過經銷商代表所屬投資人以其自身名義投資的投資人有權對經銷商所購買股份主張其直接所有權。

為避免疑慮，經由其他機構（或上述的次承銷商、中介機構、交易商及/或專業投資人）進行申購的投資人，本公司不會收取額外的費用。

第三方付款

投資人被告知本公司政策是不做出或接受對無關註冊股東的付款。

投資人應注意如果他們的贖回指示附帶要求將出售款項支付到位於非屬投資人居住國以外國家的銀行帳戶時，本公司和/或管理公司保留延遲執行交易或釋出款項支付的權利直到本公司和/或管理公司收到更多足以提供對投資人額外保障的資訊或佐證文件。

電話錄音

管理公司得使用電話錄音流程錄下任何對話。投資人被視為同意管理公司得將對話加

以錄音並且該錄音資料得被管理公司及/或本公司及/或行政代理機構（若適用時）用於法律訴訟或是其他指示用途。此外，一些當地的富蘭克林坦伯頓基金集團服務辦公室可能需要記錄電話和電子通訊，以便進行教育訓練，監督的目的及/或確認投資人的指示。錄音資料將依其要求而提供（在這種情況下可能會收取費用），從錄音之日起五年內或監管機構特別要求的七年內。

投資人投資組合

投資人將會得到至少一組個人投資組合號碼。所有與本公司或管理公司的文書往來皆須使用此個人投資組合號碼。如果同一投資人擁有一組以上的個人投資組合號碼，則此投資人所有帳戶的任何相關請求皆應註明這些個人投資組合號碼。

股東通知

依據盧森堡法律，任何關於股東所投資基金(包含成交單)的通知或其他信息溝通得透過電子通訊方式傳達，股東已允許並提供電子郵件以及/或相關電子聯繫方式予管理公司以符合此目的。有關股東其在公司投資的相關通知或其他通訊也可以發佈在網站 www.franklintempleton.lu 上。此外，於盧森堡法律下，盧森堡法律或盧森堡主管機關要求，亦可以書面或以其他方式通知股東。尤其，股東應參考“會議及報告”章節。

於電子通訊及交易，富蘭克林坦伯頓將致力於保存及保護數據傳輸的機密性。電子通訊的接收者應注意由於多種因素包括但不限於硬體、軟體及作業系統或接收者交易富蘭克林坦伯頓基金所使用的電子平台的易破壞性，皆可能無法保證透過網路傳送電子傳輸的完整性及機密性。

成交單

交易執行完成之後，成交單通常將在次一（1）個營業日內遞送給投資人。投資人應立即檢查這些成交單，以確保每次交易已被確實記載在投資人投資組合中。如果確認有差異時，投資人應立即將差異以書面方式提報管理公司或其當地之富蘭克林坦伯頓基金集團服務辦公室。如果自成交單日期起的十五（15）個營業日內未有提報，交易則被視為正確並且投資人將服膺於成交單之條款。

個人遭竊

本公司或管理公司發出的任何通訊資料是屬於私人性質之機密文件。為了確保您的持股安全，投資人應保持其個人化的安全功能機密，保護其身份驗證設備不被其他人進入使用，並且若與本公司或管理公司的通訊資料（或是您的身分證件/護照/個人安全功能等）遺失或遭竊，請立即通知您當地的富蘭克林坦伯頓基金集團服務辦公室。

資料保密

所有包含在申請表單的投資人個人資料（下稱資料）以及任何因與本公司及/或管理公司締結業務關係所進而蒐集的個人資料，將由本公司、管理公司或其他富蘭克林坦

伯頓基金集團旗下公司依當地相關法令規定，包括：位於富蘭克林公司及其子公司與附屬機構、保管機構、行政代理機構及任何其他為其提供服務（包括但不限於印刷和郵寄服務）之第三方（其可能設立於盧森堡以及/或是歐盟之外，包括：美國及印度）所蒐集、紀錄、儲存、使用、移轉、及完成其他之處理過程（下稱處理）。在適用的情況下，這些資料之處理乃為了帳戶管理、發展商業服務、防制洗錢與反資助恐怖份子之確認、稅務確認，以遵循外國帳戶稅收遵從法案（FATCA）或相似的法令及法規（例如 OECD 等級）之目的。為了遵循外國帳戶稅收遵從法案（FATCA）或相似的法令及法規，本公司及/或管理公司可能被要求揭露關於美國人及/或不合作金融機構之資料予盧森堡稅務主管機關，而該主管機關可能會移轉資料予美國國家稅務局（IRS）。本公司及富蘭克林坦伯頓基金集團的成員亦可將資料使用於富蘭克林坦伯頓隱私權和 Cookies 聲明（“隱私權聲明”）中記載的其他目的。

出於上述目的，本公司尋求投資人同意使用其政治觀點、宗教或哲學信仰的資訊，這些資訊可能經由進行政治敏感性人士的合規性檢查而取得。該同意書記載在申請表單中。

隱私權聲明中亦提供有關本公司和富蘭克林坦伯頓基金集團使用資料、處理資料的其他目的、處理資料所涉及的事業、資料主體的權利之更多資訊。隱私權聲明已在網站上公佈：www.franklintempletonglobal.com/privacy（可根據要求免費提供紙本）。如投資人希望行使其個人權利或提出有關隱私權聲明的任何問題、疑慮或申訴，可以聯繫管理公司或聯繫富蘭克林坦伯頓國際服務有限公司的資料保護長（電子郵件：DataProtectionOfficer@franklintempleton.com），位於盧森堡艾伯特博歇特大道 8A，L-1246 盧森堡。

投資人應注意，隱私權聲明可由管理公司和/或本公司自行決定更改。

洗錢防制與反恐怖份子資助之防範法令

根據 1993 年 4 月 5 日的盧森堡法律有關金融產業法案（及其增修條文）、有關金融系統用於防制洗錢或反恐怖份子資助的 2018/843/EU 指令和盧森堡法律 2004 年 11 月 12 日有關洗錢與反恐怖份子資助法令（及其增修條文）的規定，（“2004 年法”）、2010 年 10 月 27 日加強反洗錢和反恐資助法律框架的法律，與 2012 年 12 月 14 日第 12-02 號 CSSF 條例實施了具有法律約束力的監管強化（“CSSF 條例 12-02”），以及盧森堡金融監督主管機關所頒佈的通告，要求金融產業的所有專業人士有義務避免利用投資基金以達洗錢與恐怖份子資助目的。

因此，管理公司已建置對所有投資人的身分認定之程序。為符合管理公司的要求，投資人在申請表格必須檢附任何必要的身分證明文件。個人投資人須檢附護照或身分證影本，該影本必須由居住國家的授權機關確認其與正本相符無誤。法人機構投資人將須要檢附文件例如：法人資格證明、認可的股票交易所會員資格、或是公司章程/規章或是其他適用的公司組成文件。管理公司也有義務去認定任何投資的受益持有人。這些要求適用於直接向本公司申購以及接獲來自中介機構或經銷商名義代表人帳戶的間接申購。如果為代表其客戶的中介機構和/或經銷商名義代表人帳戶持有者進行認購，則將根據 2004 年法律和 CSSF 條例 12-02 對該中介機構和/或經銷商名義代

表人帳戶持有者採取增強的客戶盡職調查措施。在此情況下，如有受指定的實質受益人變更時，投資人應立即通知管理公司或本公司，且應確保提供予管理公司、中介機構和/或經銷商名義代表人帳戶持有者的每則訊息及每份文件，保持準確和最新。

管理公司有權利在較高風險情境所需或是為了符合任何適用的法律與規定，包括適用的盧森堡關於防止將金融部門用於洗錢目的的法規，而隨時可要求額外的資訊與佐證文件，例如更新的身份證明文件，資金來源以及財富來源，萬一延遲或未能提供該資訊以及/或佐證文件者，管理公司可能會延遲或拒絕處理申購或贖回指示，或任何其他交易。管理公司也可能延遲或暫停支付配息款項，直到收到相關足以符合要求之資訊以及/或文件。由於投資人不提供或提供不完全資訊以及/或佐證文件，本公司及管理公司對於延遲或未能處理的交易程序並不負任何責任。

以上提供予管理公司的資訊，乃為了洗錢防制與反恐怖份子資助規定之目的而收集處理。

管理公司應確保根據盧森堡適用的法律和法規，以基於風險的方法對公司的投資採取盡職調查措施。

交易政策

擇時交易概述。本公司不鼓勵短期或是過度的交易（通常稱為“擇時交易”），並且試圖尋求限制或拒絕這類交易，或若是在本公司或管理公司的判斷下這類交易可能妨礙任一基金之投資組合的效率管理，可能會實質增加基金的交易成本、管理成本或稅捐，或是在其他方面不利於本公司及其股東的權益時，則採行如下所述的行動。

擇時交易的結果。若是投資人在本公司或任一其他富蘭克林坦伯頓投資基金，或是在非富蘭克林坦伯頓投資基金的相關交易活動訊息，引起本公司或管理公司的注意，並且基於此訊息本公司、管理公司或其代理機構依其自身的單獨判斷，斷定這類交易可能如同擇時交易政策裡所述不利於本公司時，本公司可能暫時或是永久性禁止這位投資人以後在本公司的申購，或是選擇限制該股東以後任何申購的金額、次數或頻率，以及/或是這位股東可能要求以後的申購或贖回的方法（包括在本公司以及任何其他富蘭克林坦伯頓投資基金之轉換交易所涉及的申購以及/或是贖回）。

在評估投資人的交易活動時，本公司會參照其他因素做考慮，包括直接或透過金融中介機構交易本公司之基金、其他的富蘭克林坦伯頓投資基金、非富蘭克林坦伯頓投資基金、或是透過共同控制或持有的帳戶而得知的投資人交易歷史。

透過金融中介機構的擇時交易。所有投資人皆須遵從本交易政策，不管是直接持有本基金股份或是經由金融中介機構，例如：銀行、保險公司、投資顧問公司或是任何其他經銷商代表所屬投資人以其自身名義申購股份（透過“綜合帳戶”持有基金股份）的方式間接投資本公司之基金。

然而，管理公司鼓勵金融中介機構對其間接投資於本公司的客戶採行本公司的擇時交易政策，因為管理公司對監控金融中介機構客戶的交易活動或是推行其擇時交易政策

的能力有限。舉例說明，若事件發生時，管理公司可能無法探查出經由金融中介機構而來的擇時交易，或難以去鑑定這些經由使用綜合持股或經銷商名義代表人帳戶的金融中介機構代表他們所有的客戶所為之集合申購，轉換及贖回交易。更甚者，除非金融中介機構本身有能力對其客戶去採行本公司的擇時交易政策，透過諸如以下方法：施行短期交易限制或禁止，對疑似擇時交易活動的監控，否則管理公司無法判定是否金融中介機構之客戶違反本公司的擇時交易政策。

來自擇時交易者的風險。基於種種的因素，包括基金的規模大小，投資經理公司持有的輔助流動性資產、銀行存款、貨幣市場工具以及貨幣市場基金資產金額，以及交易的歐元、日幣或美元金額，數目和頻率，短期或是過度的交易可能妨礙基金之投資組合的效率管理，增加基金的交易成本、管理成本和稅捐，以及/或是衝擊基金的績效表現。

此外，如果基金對投資人所揭露之基金投資組合持股屬性促使投資人從事某種擇時交易形式以尋求在基金投資組合持股價值的變動與反映在基金股份的淨資產價值的變動之間的可能延遲之獲利，通常稱為“套利擇時交易”，在某些狀況下，是有這類交易的可能性，若是贖回投資人獲取收益（以及申購投資人獲得股份）是基於淨資產價值尚未反映出適當公平價值的價格時，將造成基金股份價值被稀釋。當基金持有顯著部位投資於外國證券且由於某些外國市場關市時間較早於美國市場數個小時，以及當基金持有顯著部位於中小型類股、非投資等級（“垃圾”）債券和其他種類投資標的而可能無法頻繁地交易時，套利擇時交易者可能利用介於基金投資組合持股價值之變動與基金股份的淨資產價值之變動間的可能延遲以尋求獲利。

本公司和管理公司目前採用幾種方法來降低擇時交易的風險。這些方法包括：

- 檢查投資人交易活動是否有過度交易，以及
- 編制人員選擇性檢查持續性近期交易活動，以便鑑定可能違反本公司的擇時交易政策之交易活動。

雖然這些方法涉及固有的主觀判斷以及在實務運用上的選擇性，本公司尋求做出的判斷和實務上的運用能夠與投資人的利益相互一致。本公司或代理機構無法保證得以獲取任何或所有需要的訊息來探查集合帳戶裡的擇時交易。即使本公司尋求採用的行動（直接探查與透過金融中介機構的協助）將可探查擇時交易，這並不代表這類擇時交易活動能夠完全地被摒除。

擇時交易的撤銷。對危害本公司擇時交易政策的交易，本公司無須視同接受，而且在管理公司接受下單後的次一個營業日，就會被本公司或管理公司取消或撤銷。

定期定額存款計劃和定期提款計劃

為投資人的利益著想，在許多國家有提供定期定額存款計劃和定期提款計劃。如果發生定期定額存款計劃在議定到期日前被終止時，相關投資人應付的首次銷售手續費金額可能會大於若按標準申購的情形，詳情請參照“銷售手續費及或有遞延銷售手續費”章節的說明。欲索取進一步訊息，敬請洽詢管理公司或是您當地的富蘭克林坦伯頓基金集團辦公處所。

有關定期定額存款計劃和定期提款計劃免除最低持股(美金一千元(或其他等值外幣))的要求。

優惠待遇

可能會有通知信與特定投資人進行協商，當(i)投資規模達到特定門檻時，因此可能會與目前公開說明書揭露的特定金融條件有所偏差；及/或(ii)投資人需要進行投資組合分析，包括但不限於風險分析/資產分配目的，或被要求事先揭露非公開訊息以符合監管或稽核要求。通知信的性質和範圍可能因投資人而有所不同，但基本上這些事宜主要包括(i)與特定重大投資有關的特別費用處理；或(ii)透過保密協定提早揭露非公開投資組合資料。

聯絡資料

管理公司的聯絡資料得於“行政資訊”章節、申購表單、交易確認單或是富蘭克林坦伯頓基金集團網址 <http://www.franklintempleton.lu> 查詢得到

股份類別

既有的股份類別

發行的或依董事會決議將發行的股份類別，詳如下表所示：

股份類別	累積股份	配息股份
A股	(Acc)配息累積股份	(Mdis)月配息發放股份 (Mdirc)月配息發放股份 (Qdis)季配息發放股份 (Bdis)半年配息發放股份 (Ydis)年配息發放股份
AS 股		
AX股		
B股*		
C股		
EB股		
F股		
G股		
I股		
J股		
N股		
S股		
W股		
X股		
Y股		
Z股		

*B股已不再發行。

除非於公開說明書中另有記載，否則同一種股份類別的不同形式股份，例如：配息累積股份(acc)、月配息發放股份(Mdis)、利率差異型月配息發放股份(Mdirc)、季配息發放股份(Qdis)、半年配息發放股份(Bdis)與年配息發放股份(Ydis)的所適用的規定與條件皆相同。

股份類別主要區分在加諸於這些股份的收費結構以及配息政策的差異。股份不是配息發放股份，就是配息累積股份。本公司董事會傾向將所有收益充份發放予可分配之股份，然而未發放配息的配息累積股份，淨收入將反應在股份價值的增加。配息得為每月、每季、每半年或每年發放。詳細資料在隨後的章節以及“配息政策”章節裡說明。

基金的各種股份類別的申購款項將被投入共同投資組合證券的投資，但是每個股份類別的淨資產價格有所差異是因為不同的發行價格、費用結構及配息政策所致。

某些股份類別可能會收取績效費用，請參閱“績效費用”章節。相關的股份類別將在其名稱中包含“PF”。

某些股份類別得保留給特定經銷商的投資人使用，且僅提供給透過此經銷商進行申購的投資人。這類相關股份類別的名稱有標註“M”。

名稱中帶有“pc”或“am”的配息股份類別，在正常市場條件下，其配息的發放係以每股淨資產價格的固定百分比或固定金額的方式提供。該配息並不取決於基金所收取/產生的收益或資本利得的水準，得由本金中支付，故有可能降低基金相關股份類別的淨資產價值。在某些司法管轄區，由本金支付的配息可能被視為收入而課稅。這類股份類別的配息頻率和目標配息率及金額，將揭露在重要投資人資訊文件及“配息表”，投資人得於網站 www.franklintempleton.lu 查詢或向管理公司索取。本公司董事會保留隨時更改“pc”和/或“am”股份類別配息之固定百分比/金額的權利。例如，根據市場和基金狀況評估，研判基金合理部位的收益水準，無法符合該股份類別所宣派的固定配息目標。在這種情況下，可能宣派較低金額的配息，且新的目標配息率或金額將於重要投資人資訊文件及“配息表”中揭露。同理，當研判基金的收益水準高於該股份類別的固定配息目標時，本公司董事會得視情況適當地宣派高於固定配息目標的配息。

A 股股份在英國不再直接銷售予投資人。A 股股份在英國將持續提供予非受顧問的投資人且僅酌情銷售，及目前仍經常申購之現有投資人。

AS 股股份僅提供在新加坡中央公積金的投資人，於限定情況下，依據主辦承銷商的判斷透過承銷商、銷售平台、經紀商/交易商、專業投資人和其他投資人銷售。在這種情況下，可透過在新加坡中央公積金投資計劃下的投資型保單商品提供 AS 股股份。董事會已決議自 2016 年 4 月 1 日起，不再發行額外 B 股股份。

EB 股可提供給經銷商、經紀人/交易商、專業投資者和/或其他投資者投資（或承諾投資 - 包括意向書）至少 1000 萬美元（或等值的其他貨幣），於股票類別推出的前 6 個月。投資者應注意，在某些情況下，當股份類別的資產達到管理公司確定的水平和/或減少或延長股份類別時，董事會或管理公司可能會決定關閉該股份類別以進一步認

購。在這種情況下，此類資訊將在 www.franklintempleton.lu 網站上披露。

F 股及 G 股只能提供予特定的國家以及提供予特約的銷售機構以及/或是經紀商/交易商銷售。

I 股僅提供予經盧森堡金融監督主管機關所提之指南或建議事項中所定義的法人機構投資人(請參閱以下的合格法人機構投資人列表)。

J 類股票僅通過邀請特定機構投資者(不時由盧森堡主管金融監管機構(請參閱以下合格機構投資者名單)的指導方針或建議定義)和專業投資者提供,至少投資 1.5 億美元(或等值的其他貨幣)。投資者應注意,在某些情況下,董事會或管理公司可能會自行決定關閉此類股份類別以進一步認購,在這種情況下,將根據每個基金的每個股份類別確定此類信息並揭露於 www.franklintempleton.lu 網站。

N 股得於特定國家以及/或是依據主辦承銷商判斷之特定的次承銷商、經紀商/交易商以及/或是專業投資人銷售。在這些情形,任何本公開說明書之當地補充資訊或包含由相關中介機構所使用之行銷資料將對申購 N 股之相關可能性及條件有所說明。

S 股只能在特定的條件下透過邀請中介機構、承銷商、銷售平台以及/或是經紀商/交易商來發行,但須符合(i)與富蘭克林坦伯頓基金集團管理資產水準(或承諾提高管理資產水準)超過 10 億美元(或等值的其他貨幣金額),以及/或(ii)承諾提高特定基金 S 股的管理資產水準超過 5 千萬美元(或等值的其他貨幣金額),並且:

- 由於適用的當地法律及/或監管限制(在歐盟,這些限制至少適用於全權委託投資組合管理及/或在歐盟金融工具市場規則(MiFID)下提供獨立的建議),而無法接收和保留任何追蹤、佣金、回扣或其他類似費用(稱為勸誘),或者
- 與其客戶持有個別費用合約以支付非獨立諮詢服務的費用,而無法接收和保留勸誘,或者
- 依據其客戶持有個別費用合約,在歐盟以外區域進行行銷活動,以提供投資諮詢。管理公司可以依其決定就某些非歐盟轄區的中介機構免除個別費用合約要求。

此外,S 股得提供 (i)符合上述管理資產門檻之一,或(ii)承諾(包括透過意向書)在股份類別發行後的前三個月內提高該股份資產水準超過 2,500 萬美元(或等值的其他貨幣金額)的專業投資人以及/或其他投資人。投資人應注意,在某些情況下,董事會或管理公司可能會決定縮短或延長 3 個月的期限,在這種情況下,此類資訊將在 www.franklintempleton.lu 網站上揭露。

W 股得透過中介機構、承銷商、銷售平台以及/或是經紀商/交易商提供

- 由於適用的當地法律及/或監管限制(在歐盟,這些限制至少適用於全權委託投資組合管理及/或在歐盟金融工具市場規則(MiFID)下提供獨立的建議),而無法接收和保留任何追蹤、佣金、回扣或其他類似費用(稱為勸誘),或者
- 與其客戶持有個別費用合約以支付非獨立諮詢服務的費用,而無法接收和保留勸誘,或者
- 依據其客戶持有個別費用合約,在歐盟以外區域進行行銷活動,以提供投資諮詢。管理公司可以依其決定就某些非歐盟轄區的中介機構免除個別費用合約要求。

X 股僅可能提供予經盧森堡金融監督主管機關所提之指南或建議事項中所定義的法人機構投資人（請參閱以下的合格法人機構投資人列表），在有限的特定情況下，依據投資經理公司及/或共同投資經理公司與其關係企業之判斷。

X 股是在其他股份之外為提供選擇性收費架構而設計，憑藉涵蓋投資經理費用之收費如「投資經理費用」章節所詳述，係由管理公司從投資人是富蘭克林坦伯頓基金集團的客戶以及與管理公司訂立特定的協議者直接收取。因此，相關基金之 X 股無須自其淨資產中再支付這些費用。

然而，X 股將依股份比例分擔其他適用之費用，例如：註冊、股務、公司、指定及行政費用、保管費用、簽證及法規費用及其他適用之稅賦，並請參酌於「管理公司報酬」以及「其他公司收費及費用」章節所提及之其他收費與費用。

Y 股僅可能提供予經盧森堡金融監督主管機關所提之指南或建議事項中所定義的法人機構投資人（請參閱以下的合格法人機構投資人列表），在有限的特定情況下，依據投資經理公司及/或共同投資經理公司與其關係企業之判斷。

Y 股是在其他股份之外為提供選擇性收費架構而設計，憑藉涵蓋投資經理費用、註冊、股務、公司、指定及行政費用之收費如「管理公司報酬」以及「投資經理費用」章節所詳述，係由管理公司從投資人是富蘭克林坦伯頓基金集團的客戶以及與管理公司訂立特定的協議者直接收取。因此，相關基金之 Y 股無須自其淨資產中再支付這些費用。

然而，Y 股將依股份比例分擔其他適用之費用，例如：保管費用、簽證及法規費用及其他適用之稅賦，並請參酌於「其他公司收費及費用」章節所提及之其他收費與費用。

Z 股得透過中介機構、承銷商、銷售平台以及/或是經紀商/交易商提供

- 由於適用的當地法律及/或監管限制（在歐盟，這些限制至少適用於全權委託投資組合管理及/或在歐盟金融工具市場規則(MiFID)下提供獨立的建議），而無法接收和保留任何追蹤、佣金、回扣或其他類似費用（稱為勸誘），或者
- 與其客戶持有個別費用合約以支付非獨立諮詢服務的費用，而不被允許接收和保留勸誘。

董事會可依其決定在其他情況和司法管轄區可接受下提供 Z 股。

投資人被視為不符合上述資格要求時，本公司及管理公司將不會發行、執行轉換或轉讓股份予任何投資人。如果在任何時間點確認，一個或數個上述股份級別的持有人不符合，或不再符合條件，本公司或管理公司將依照載明於公司章程的條件與程序，可能隨時決定強制贖回該股份。

既有股份類別的完整列表得於以下富蘭克林坦伯頓基金集團網站查詢 <http://www.franklintempleton.lu> 或是向本公司或管理公司註冊辦公室索取。

合格法人機構投資人列表

- 法人機構投資人，狹義來看，如銀行及其他受管控之專業金融機構、保險及再保險公司、社會保障機構及退休基金、慈善機構、工業、商業及金融集團公司，其皆以自己名義做申購，並且為自行管理其資產結構的機構投資人。
- 信貸機構及其他受管控之專業金融機構以自己名義代表上述定義之法人機構投資人進行投資。
- 設立於盧森堡或國外的信貸機構及其他受管控之專業金融機構以自己名義代表其專戶管理的非法人機構投資人進行投資。
- 設立於盧森堡或是國外的集合投資事業。
- 控股公司或是類似企業實體，無論設籍於盧森堡與否，其股東為前述之法人機構投資人。
- 控股公司或是類似企業實體，無論設籍於盧森堡與否，其股東／受益所有人為極度富有的個人且得以合理視為精明投資人，而其持有控股公司的目的係為個人或家族持有重要的財務利益。
- 控股公司或是類似企業實體，無論設籍於盧森堡與否，其對公司的結構和活動的決議有實權且持有重要的財務利益／投資。

股份之選擇性貨幣類別

股份類別將以下列幣別提供選擇性股份類別：

澳幣（縮寫為AUD）
加拿大幣（縮寫為CAD）
捷克克朗（縮寫為CZK）
歐元（縮寫為EUR）
港幣（縮寫為HKD）
匈牙利福林（縮寫為HUF）
以色列謝克爾（縮寫為ILS）
日幣（縮寫為JPY）
挪威克朗（縮寫為NOK）
波蘭茲羅提（縮寫為PLN）
人民幣（縮寫為RMB）
新加坡幣（縮寫為SGD）
南非幣（縮寫為ZAR）
瑞典克朗（縮寫為SEK）
瑞士法郎（縮寫為CHF）
美元（縮寫為USD）
英鎊（縮寫為GBP）

或是其他自由轉換的幣別。

RMB 之選擇性貨幣類別僅提供被核准或合法之專業投資人及機構投資人。RMB 計價

股份之分派視收到申購價金而定，包含任何適用之銷售手續費，除董事會要求在接受申購申請時或事先須結清價金外，其須在評價日後的四個盧森堡營業日之內支付。

當決定 RMB 計價之選擇性貨幣類別的淨資產價值時，將適用境外人民幣市場（CNH）匯率，而非境內人民幣（CNY）。CNY 由於一些因素，包括但不限於由中國政府隨時的外匯管制政策和匯出限制，以及其他外部市場力量，使其評價不同於 CNH（有可能是顯著的）。在本公開說明書中，RMB 係指境外人民幣市場（CNH）

選擇性貨幣股份類別其基金淨資產價值將以選擇性貨幣類別計算並公告，投資人的申購款及付給投資人的贖回款皆以選擇性貨幣類別做收付，除非本公開說明書另有核准。除了避險股份以外，本公司目前不傾向於趨避上述股份類別的貨幣風險。

適用於選擇性貨幣各股份類別的條件與限制同樣適用於以基本貨幣計價的相同股份類別。

董事會得決定除上述股份類別以外另行增加新的選擇性貨幣股份，於此情形下，本公開說明書將會一併更新。

避險股份

有關避險股份，不是以避險股份的基本計價幣別曝險用該基金避險股份之選擇性貨幣規避掉來降低匯率波動或報酬波動為目標（避險股份 H1），就是以避險政策來降低避險股份類別之計價幣別及該基金所持有證券及現金的基本計價幣別之間的貨幣變動風險為目標（避險股份 H2）。避險股份採用第一種方法將以 H1 的縮寫命名，反之採用第二種方法將以 H2 的縮寫命名。

第三種方法之縮寫命名為 H3，適用於那些基金投資政策是建構在不同於基本計價貨幣之貨幣（報酬貨幣）上。避險股份 H3 包含的避險策略為試圖在可能的程度內，降低基金基本計價貨幣與報酬貨幣間匯率變動之影響。

在國家的貨幣政策主管機關施以貨幣控管來阻止貨幣自由移動（“受限制貨幣”）的情形時，第四種避險方法縮寫命名為 H4，則可能被採行。股份類別將以基金的基本貨幣作為計價幣別，但是就投資人所投入該受限制貨幣則將對基金的基本貨幣轉入基金避險股份類別的受限制貨幣進行避險。

避險股份 H4，適用於提供巴西連結式基金之投資人一個貨幣避險之政策，由於巴西貨幣（簡稱 BRL）為受限制貨幣，無法透過計價幣別為 BRL 以傳統貨幣避險股份規避。然而基金之計價貨幣為 H4 避險股份，將透過金融衍生性商品工具運用包括無本金交割遠期契約，試圖自動地反映貨幣曝險在股份類別的淨資產價值。

即使為基金的基礎幣別，避險股份 H4 的淨資產價值隨著 BRL 和基金基礎幣別之間的匯率波動。其影響將反映於避險股份 H4 的績效，因此與其他股份類別基金中的表現有顯著的不同。這些交易產生的任何獲利或損失以及成本和費用，將反映於避險股份

H4 的淨資產價值。

巴西連結式基金將尋求提供貨幣避險方式給投資人，藉由整合衍生性商品工具包括無本金交割遠期投資於避險股份類別結合連結式基金即期匯率轉換。連結式基金是將全部或幾乎全部的資產投資於另一個單一集體計劃，通常稱為目標基金。

巴西連結式基金主要投資於巴西，其實體管理權屬富蘭克林坦伯頓。避險股份 H4 適用於機構投資人如上述定義係於巴西設立的集體投資計畫且由富蘭克林坦伯頓管理，並已核准由管理公司購買該股份類別。

貨幣避險策略可運用於股份類別層級，亦可由相關投資經理或摩根大通銀行倫敦分行，(“貨幣管理公司”)執行。如此，投資經理公司將限制避險於相關避險股份所選定貨幣曝險範圍。針對選定的貨幣曝險進行避險，超額避險部位通常不會超過相關避險股份淨資產價值之 105%，而未足額避險部位通常不會低於相關避險股份淨資產價值之 95%。投資經理公司或貨幣管理公司將持續審查避險部位，以確認超額避險或未足額避險部位不會超過/低於上述允許的水準。倘避險股份的避險超過因市場變動或認購/贖回股份而產生的允許容忍度，則投資經理公司或貨幣管理公司須適當調整該避險。

股東亦應注意，股份類別間一般並無隔離資產及負債，因此如避險股份的資產不足以履行其負債，避險股份的衍生性保證金的對手方可追索相關基金的其他股份類別資產。雖然本公司已採取措施確認減少股份類別間的風險擴及，以確認經由使用衍生性保證金所帶來的基金額外風險僅由相關股份類別的股東承擔，但無法完全消除此風險。

可以向本公司註冊辦公室取得最新使用貨幣管理(currency overlay)的股份類別清單。

適用於避險股份的條件與限制同樣適用於以基本貨幣計價的相同股份類別，唯一的不同是避險的貨幣效果，如上所述，透過使用特定類別的貨幣分開管理，其收益和損失將僅歸於相對應的避險股份。

銷售手續費及或有遞延銷售手續費

A 股及 AX 股

● 銷售手續費

A 股及 AX 股是以每股淨資產價值加上以投資總額為計算基礎的銷售手續費來提供申購，該銷售手續費依資產類別不同列示如下：

- 股票型基金、另類型基金、平衡型基金及多重資產基金：不超過投資總額 5.75%
- 固定收益型基金：不超過投資總額 5.00%
- 貨幣市場基金：不超過投資總額 1.50%

主辦承銷商由此收取的手續費支付予次承銷商、中介機構、經紀商/交易商以及/或是專業投資人，可能包含富蘭克林坦伯頓基金集團的分支機構。銷售手續費可能由主辦承銷商全數或部份減免予個別投資人或特殊投資團體。減免銷售手續費後的投資餘額將視為相關基金的股份申購。

若在任何提供股份的國家，因當地法令或實務需求或許可，採較前述為低的銷售手續費或不同的最高收費予任何個別申購交易，主辦承銷商可能在銷售 A 股及 AX 股時，並可能授權次承銷商、中介機構、經紀商/交易商以及/或是專業投資人銷售 A 股及 AX 股時，遵循這些國家的法令或實務狀況所許可的金額，提供較前述適用價格為低的價格。

- **美金一百萬或以上的合格投資**

有關在 A 股及 AX 股的美金一百萬元或以上的合格投資，銷售手續費可能被減免，並且投資人在每一次投資後的十八個月之內贖回即適用收取 1.00% 的或有遞延銷售手續費（“CDSC”）以彌補發出予次承銷商、中介機構、交易商以及/或是專業投資人的佣金，該費用為股份（轉入再投資配息發放除外）總成本的 1.00%，而且為主辦承銷商保留。此種計算將在“或有遞延銷售手續費的計算”章節更詳細敘述。

合格的投資包括以單筆申購或透過投資人、配偶、未滿十八歲之子女及/或孫子女名義的累積申購。為了適用合格投資規則，投資人其他富蘭克林坦伯頓全球投資系列中投資基金之持股可以在投資人之要求下合併。關於哪些基金股份可以被合併，以及適用之流程、期間及條件等細節，可向管理公司索取相關說明。

採用或有遞延銷售手續費的股份，將不得轉換股份到其他股份類別。

AS 股

AS 股份類別的價格將以每股淨資產價值提供申購。主辦承銷商對申購 AS 股份類別，既不收取銷售手續費，也不收取或有遞延銷售手續費。

B 股

董事會已決議自 2016 年 4 月 1 日起，不再發行額外 B 股股份。於 2016 年 4 月 1 日之前申購 B 股的投資人，在申購後四（4）年內贖回股份，則收取不超過 4% 的或有遞延銷售手續費，收費的計算方式將在“或有遞延銷售手續費的計算”章節更詳細敘述。

從 2011 年 1 月起，B 股基金在購買後接近或屆滿 84 個月時，將由管理公司安排在每月的預定轉換日自動轉入相同基金的 A 股。因此，所有適用的名稱及情況應一併改為 A 股適用之名稱及情況。

C 股

C 股的價格將以每股淨資產價值提供。申購 C 股不收取銷售手續費。然而，C 股在申購後一年內贖回股份，則收取 1.00% 的或有遞延銷售手續費，收費的計算方式將在“或有遞延銷售手續費的計算”章節更詳細敘述。

F 股以及 G 股

F股以及G股的價格將以每股淨資產價值提供。申購F股以及G股不收取銷售手續費。然而，F股以及G股在申購後三年內贖回股份，將收取不超過3.00%的或有遞延銷售手續費，收費的計算方式將在“或有遞延銷售手續費的計算”章節更詳細敘述。

F 股以及 G 股在購買屆滿 36 個月後，將由管理公司安排在每月的預定轉換日免費自動轉入相同基金的 A 股。因此，所有適用於該類股的條款及其他條件應一併改為 A 股適用之條款及其他條件。

N 股

● 銷售手續費

N 股的價格將以每股淨資產價值加上不超過投資總額 3.00% 的銷售手續費提供申購。此申購手續費將適用於所有不同的資產類別。主辦承銷商由此收取的手續費支付予次承銷商、中介機構、經紀商/交易商以及/或是專業投資人，可能包含富蘭克林坦伯頓基金集團的分支機構。銷售手續費可能由主辦承銷商全數或部份減免予個別投資人或特殊投資團體。減免銷售手續費後的投資餘額將視為相關基金股份申購。

若在任何提供股份的國家，因當地法令或實務需求或許可，採較前述為低的銷售手續費或不同的最高收費予任何個別申購交易，主辦承銷商可能在銷售 N 股時，並可能授權次承銷商、中介機構、經紀商/交易商以及/或是專業投資人銷售 N 股時，遵循這些國家的法令或實務狀況所許可的金額，提供較前述適用價格為低的價格。

I, J, S, EB, W, X, Y 和 Z 股

I, J, S, EB, W, X, Y 和 Z 股的價格將以每股淨資產價值提供。申購 I, J, S, EB, W, X, Y 和 Z 股時，主辦承銷商不收取銷售手續費，也不收取或有遞延銷售手續費。

更清楚闡釋，為遵守適用的法令、法規及市場慣例，銷售 S、W、X、Y 和 Z 股的中介機構或經銷商得自行收取其適用的銷售費用。投資人應諮詢其中介機構、經銷商或自己的財務顧問，以了解更多有關這類費用的資訊（對於 W 股和 Z 股，這類費用不應超過總投資金額之 5.75%）。

或有遞延銷售手續費的計算

合格 A 股、AX 股及 G 股之或有遞延銷售手續費是以申購之淨資產價值為主。B 股、C 股以及 F 股之或有遞延銷售手續費是以贖回股份的淨資產價值或申購時的淨資產價值孰低為基礎，並以售出股份的相關幣別為計算基礎。透過再投資金額所獲得的股份是不適用或有遞延銷售手續費。為了讓或有遞延銷售手續費盡可能保持低，每一次售出股份的要求一旦提出，帳戶中不須支付或有遞延銷售手續費的股份將先行售出。若股份不是以符合該要求，額外的股份必須被售出。或有遞延銷售手續費金額是以本公開說明書附錄 E 表格所示的費率酌計算依所適用之股份採贖回股份的淨資產價值或

申購時的淨資產價值。

為了適用或有遞延銷售手續費持有期間的目的，特定基金股份由另一基金的同類股份轉換而來時，對該股份的持有期間是以最初由其他基金所獲得股份起算。

所估算的或有遞延銷售手續費的金額將支付予主辦承銷商或其他相關單位，本公司得隨時指定支付由主辦承銷商或其他相關單位所產生的銷售成本。或有遞延銷售手續費可能由主辦承銷商或其他相關單位根據研判全數或部份減免，以提供予個別投資人或特殊投資團體。本公司已承諾支付主辦承銷商或其他相關第三人扣除任何稅款的或有遞延銷售手續費淨額。若上述款項中有任何應付稅款，則可能調升或有遞延銷售手續費（費率如本公開說明書之附錄E）的金額以確保該項協議的款項能以淨額支付給主辦承銷商或其他相關第三人。截至本公開說明書之日期為止，本公司董事會並無理由相信有任何稅款應由或有遞延銷售手續費中徵收。

股份類別的具體特點

股份類別的具體特點如下表所示：

投資人種類	個人投資人/法人機構投資人		法人機構投資人		
股份類別總覽	A股、AS股、AX股、C股、F股、G股、N股、W股以及Z股	EB股、S股	I股	J股	X股、Y股
最低首次投資金額	美金一千元	詳細資料得於本公司或管理公司索取	美金五百萬元*	美金一億五千萬元*	詳細資料得於本公司或管理公司索取
最低追加投資金額	美金一千元	詳細資料得於本公司或管理公司索取	美金一千元	美金一千元	詳細資料得於本公司或管理公司索取

經核定之 CDSC 金額係支付給主辦承銷商，或是本公司可能隨時指定的其他方用以支付由主辦承銷商或此類其他方所產生的分銷成本。主辦承銷商和/或此類其他方可自行決定為個人投資人或特定族群投資人免除全部或是部分的 CDSC。本公司已承諾依本公開說明書附錄 E 所定之費率扣除任何稅項後向主辦承銷商或相關第三方支付 CDSC。如果上述金額需要繳納任何稅款，則 CDSC 金額將增加以確保向主辦承銷商或相關第三方支付約定金額的淨額。在本公開說明書日期，董事會沒有理由認為 CDSC 應繳納或徵收任何稅款。

* 美國政府基金（本基金之配息來源可能為本金）的最低首次投資金額為美金一百萬元或是其他等值之可任意自由轉換的幣別。

如何申購股份

如何申請

欲申購股份的投資人須填妥申購表格所涵蓋的資料並檢附適當的身分證明文件（已詳細載於申請表格）寄到管理公司以便首次申購基金股份。若管理公司可允許，申請書

也可以藉由電話、傳真或電子請求方式為之。管理公司得要求寄達原始書面簽名確認的申請表格以及身分證明文件，在此狀況下可能會為了收到該請求的書面確認及文件而延誤處理。基於董事會或管理公司的判斷，接受股份的申購。

由相關股份承銷商收到之申請書，唯有在已被轉抵管理公司或已被充分書面授權的承銷商時，始可被處理。

投資人也應提供洗錢防制與恐怖份子資助防範所要求的文件。“洗錢防制與恐怖份子資助之防範法令”章節中有更詳盡的敘述。

此外，假如投資人的銀行帳戶位於居住國以外的國家，本公司以及/或管理公司保留要求投資人提供額外資訊以及/或佐證文件的權利，這可能導致延遲處理申購以及/或任何其他交易，直到收到相關且令人滿意的資訊以及/或文件。

本公司或管理公司保留向大量申購 C 股之投資人索取額外資訊的權利，此舉可能會導致延遲處理投資交易直到收到所需的資訊/確認書。法人機構擔任經銷商名義代表人帳戶之代表人必須提供其已獲得管理公司的明確事先許可並已採行適合的監控股份年齡程序，才得以其自身名義代表投資人購買 C 股、F 股以及 G 股。

於申購 I 股、J 股、X 股及 Y 股時，投資人代表須向本公司和管理公司提出符合上列一種或數種法人機構投資人的資格，並且同意賠償本公司、管理公司及或富蘭克林坦伯頓基金集團的任何其他公司於違反前揭善意代表申購情事所產生之任何及所有損害、損失、成本及其他費用。

每個投資人將會得到個人投資組合號碼。所有與本公司及/或管理公司的文書往來皆須使用此個人帳號。

申購指示

基金股份的首次申購必須以標準申購表格或是任何其他為管理公司所接受的類似申請表單為之。在既有的投資人投資組合所為之後續申購，並不須要再次填寫申購表格。然而，個人投資人非透過經紀商/交易商而直接指示富蘭克林坦伯頓基金集團者，將須要填寫及簽署標準申購表格（可自我們網站或依要求取得）。若管理公司可允許，任何股份之後續申購也可以藉由電話、傳真或電子請求方式為之。管理公司得要求後續申購指示的書面簽名確認，在此狀況下可能會為了收到該請求的書面確認而延誤處理。基於董事會或管理公司的判斷，接受股份之後續申購。

在投資人購買股份之前，相關 KIID 應提供予其參考。在適用之情形下，經紀商/交易商有責任提供適當的 KIID 予投資人。請於購買股份前經常與您的經紀商/交易商保持連繫。若您沒有經紀商/交易商，您可連絡管理公司或是當地的富蘭克林坦伯頓基金集團辦公室，其將提供相關 KIID 之電子或書面資料予您參閱。

後續的股份申購指示必須填具下列事項並正式簽署：

- (a.) 述明基金名稱、股份類別、股份的國際證券識別編碼（得於以下富蘭克林坦伯頓基金集團網站查詢 <http://www.franklintempleton.lu>）以及投資基金之股數（應

- 以數字及文字兩者載明）或投資（應涵蓋任何適用的銷售手續費的規定）金額（以數字及文字載明）以及
- (b.) 述明已經或即將如何支付款項。
 - (c.) 確認已提供相關 KIID。

如果申購書中的基金名稱、基金股份類別、基金股份的國際證券識別編碼、或基金股份之計價幣別不符合，則該次申購將以基金股份的國際證券識別編碼為準。

本公司及/或管理公司有權利因任何原因接受或拒絕受理申購表格或是任何全部或部分申購指示。如果任何申購表格或是申購指示有全部或部分不被受理，則申購款項將退回投資人並由投資人自行承擔風險及成本。

除非正值本公司暫時停止計算資產的期間（請參照附錄 D），否則投資人不得取消申購請求。在這類情形下，只有在管理公司於暫時停止計算資產期間結束之前收到書面通知，此申購撤銷方為有效。在此狀況下，申購款項將退回投資人。

投資人須注意美元短期票券基金之 C 股、F 股以及 G 股僅可轉換至另一基金 C 股、F 股以及 G 股，有關轉換限制的細節，投資人可參閱“如何轉換股份”章節之說明。

對於任何申請人或投資人因其採行寄送任何申購書或是申購指示未被收悉（包括未收到的傳真申購書）所造成的損失，皆與本公司暨管理公司無關。

申購價格

在基金成立日，基金股份通常是總投資金額（加上任何適用的銷售手續費）以美金 10 元或是等值外幣提供申購。從成立日起，交易指示必須在任何交易日所適用的交易截止時間之前被管理公司收到並受理（詳見本基金公開說明附錄 A 之說明），以便股份可以交易日當天的基金淨值來交易（加上任何適用的銷售手續費）。申購價款必須在處理申購指示前被管理公司或是相關的承銷商以清楚的資金收到。在這類情形時，當資金被管理公司收到（加上任何適用的銷售手續費）時，則會以評價日判定的每股淨資產價值為基礎做處理申購指示。

除非公開說明書當地版本、提供給投資人的當地特定資訊文件、申請書或行銷文件另有說明，完整的基金股份申購指示是在交易日所適用的交易截止時間之後被管理公司或被正式授權的承銷商收到並受理時，則會以下一個評價日判定的每股淨資產價值為基礎做處理（加上任何適用的銷售手續費）。

每股淨資產價值將會被計算，請參照附錄 D“股份淨資產價值的判定”之詳細說明。

本公司及/或管理公司將在成交單通知記名投資人其所申購股份之價格（參照“成交單”章節）。

如何付款

款項應經由銀行匯款匯到由主辦承銷商所設立之銀行帳戶（詳細資料載於申購書）。

款項得以股份類別之計價幣別支付。然而，在特殊情況下，款項可能經管理公司同意下以任何其他自由兌換貨幣，經必要的外匯交換作業由投資人付費並代表投資人做以上安排以支付。投資人以任何其他自由兌換貨幣付款時，會被特地告知此投資因通貨轉換之故，可能須延遲到次一評價日才能處理申購。

以盧森堡法令規定所適用的條款，本公司董事會也被授權接受全部或部份以實物形式接受申購。若投資人無法對資產提出清楚的所有權時，本公司有權對違約投資人採取行動。

股份的分配取決於是否已收到申購價金（包括任何適用的銷售手續費），以及必須於評價日的三（3）個盧森堡銀行營業日（或當地基金相關文件或適用交易準則中規定的其他時限）之內支付，除非董事會有要求在申購被接受時或之前須收到申購價金。貨幣市場基金股份的分配取決於是否已收到申購價金（包括任何適用的銷售手續費），以及必須於評價日的一（1）個盧森堡銀行營業日（或當地基金相關文件或適用交易準則中規定的其他時限）之內支付，除非董事會有要求在申購被接受時或之前須收到申購價金。直到支付全額交割款項，其股份申請人得持有該等股份的合法所有權，凡股份申請人未能在截止日期，支付申購交割款項或提供完整的申請表（適用於初始申請），本公司及/或管理公司可以決定其贖回相關股份之申請人或他/她的經銷商成本。股份申請人可能被要求賠償本公司或委託經銷商因申請人的違約交割所導致的直接或間接成本或費用之任何損失，或在到期日之前，提交所需的文件。

當款項以電匯或是銀行轉帳時，管理公司對於價金匯款交易所發生的問題或有任何因轉帳指示的明細不充分或不正確所造成的結果，並無協解的責任。與電匯有關的銀行手續費得由匯款銀行、通匯銀行、代理機構或次代理機構從轉帳款項中扣除，並且收款銀行也得於該款項中扣除銀行手續費。

如何贖回股份

贖回指示

在任何基金任何類別的股份可在任何交易日贖回。股份贖回交易指示應以書面通知管理公司，或是若經許可得透過傳真、電話或電子方式確認。如果是聯名投資人投資組合其所有指示應由所有投資人簽名，除非被准予以唯一簽名授權方式或是已用授權書方式向管理公司溝通。若贖回請求非以書面為之，管理公司得要求書面並簽名確認該交易指示，在此狀況下可能會為了收到該請求的書面確認而延誤處理。

於公司章程中規定範圍內，其包含的限制有當公司及/或管理公司注意到股東(A)為美國人或持有該帳戶股份或受益的美國人；(B)持有股份違反任何法律或法規或可能對公司在監管上、稅收、金錢或造成重大管理不利因素或其他重大不利或負面的影響，其股東或代表積極從事公司的投資管理及諮詢；(C)無法提供任何資訊或公司及/或管理公司要求聲明或(D)公司及/或管理公司認為股權集中可能危及公司或任何其合格貨幣市場基金基金的流動性，公司及/或管理公司將(i)指示贖回該等股東持有的股份或轉換相關股份至其他具有資格或有權擁有或持有該股份之人或(ii)贖回相關股份。

在發行記名股份的情況下，董事會要求這類股權證明書在任何可適用的淨資產價值交易完成並且支付款項之前，必須妥善背書歸還給管理公司。

贖回指示必須包含投資人個人投資組合號碼的明細、基金名稱、股份類別包括股份的國際證券識別編碼（得於以下富蘭克林坦伯頓基金集團網站查詢<http://www.franklintempleton.lu>）、贖回股數/價值、結算幣別以及銀行帳號資料。如果贖回指示中的基金名稱、基金股份類別、基金股份的國際證券識別編碼、或基金股份之計價幣別不符合，則該次贖回將以基金股份的國際證券識別編碼為準。

任何涉及前次的股份贖回交易必須完成而且結算完畢，否則無法執行任何的股份贖回要求。

若因贖回要求而造成持股餘額低於美金一千元（或其他等值外幣）的情形時，則本公司及/或管理公司得將該持股餘額全數贖回，並將款項支付予投資人。

本公司有權不接受任一交易日超過任何基金 10% 的股份價值的贖回或轉換。在這些情況下，董事會可能宣佈延遲部份或所有這類股份的贖回，但不超過十個盧森堡銀行營業日，而相關之每股基金淨值將在股份贖回當天交易日評價。

對於任何申請人或投資人因其採行寄送任何贖回要求或是贖回指示未被收悉（包括未收到的傳真申購書）所造成的損失，本公司暨管理公司皆無須負責。

除非正值本公司暫時停止計算資產的期間（請參照附錄 D），否則投資人不得取消贖回請求。在這類情形下，只有在管理公司於暫時停止計算資產期間結束之前收到書面通知，此贖回撤銷方為有效。在此狀況下，申購款項將退回投資人。

贖回價格

完整的基金股份贖回指示必須在任何交易日所適用的交易截止時間之前被管理公司收到並受理（詳見本基金公開說明附錄 A 之說明），以便股份可以交易日當天的每股淨資產價值為基礎做處理（扣掉任何適用的或有遞延銷售手續費）。

除非公開說明書當地版本、提供給投資人的當地特定資訊文件、申請書或行銷文件另有說明，完整的基金股份贖回指示是在交易日所適用的交易截止時間之後被管理公司收到並受理時（詳見本基金公開說明附錄 A 之說明），則會以下一個評價日判定的每股淨資產價值為基礎做處理（扣掉任何適用的或有遞延銷售手續費）。

每股淨資產價值將會被計算，請參照附錄 D“股份淨資產價值的判定”之詳細說明。

贖回收益款項

支付贖回股份的款項將於管理公司收到有效的贖回指示並受理之後，不遲於三（3）個盧森堡銀行營業日（或當地基金相關文件或適用交易準則中規定的其他時限）之內付清，通常是以股份計價幣別將款項以匯款方式支付，除了貨幣市場基金支付贖回股

份的款項於一（1）個盧森堡銀行營業日（或當地基金相關文件或適用交易準則中規定的其他時限）之內。本公司及/或管理公司，經過仔細的盡職調查後，不負責任何收款銀行或交割結算系統所產生的任何延誤或費用，也不負責可能由於某些國家或透過某些銀行，本地代理銀行，付款經銷商或其它經銷商因當地處理所需的時間而發生之交割延遲。如果在指示內要求，款項亦得以可自由兌換的貨幣支付，且由投資人負擔成本與風險予以完成。

假設有如附錄 D 所述的特殊情形，相關基金變現有困難，而無法將贖回收益依約於有效通知贖回要求後的三（3）個銀行營業日（或當地基金相關文件或適用交易準則中規定的其他時限）之內支付，亦會將此款項儘快於合理的時日，以無息償付。

本公司董事會亦被授權延長贖回款的支付期間，但其期間不超過三十（30）個盧森堡營業日，（在某些法律管轄區適用的時間可能較短），這是由於基金的大部份資產所投資國家之金融市場的交割與其他的限制，尤其是因基金投資目標與政策的規定，投資在開發中國家發行股權證券的基金（諸如：印度基金、亞洲成長基金、亞洲小型企業基金、金磚四國基金、大中華基金、東歐基金、新興市場月收益基金（**本基金之配息來源可能為本金**）、新興國家基金、新興國家小型企業基金、邊境市場基金以及拉丁美洲基金）。

所有款項支付將由投資人承擔一切風險，一切與股份承銷商、投資經理公司、管理公司及/或本公司無關。

銷售費用及手續費

如果股份購買後特定年期之內將股份贖回，則其贖回收益可能要收取或有遞延銷售手續費。或有遞延銷售手續費細節，敬請參考“股份類別”章節以及本公開說明書附錄 E 之說明。

以實物方式贖回

在事先取得相關投資人的同意以及基於股東平等待遇之原則，董事會可能同意對贖回收益款項之全數或部份以實物方式支付，藉由分配給贖回投資人的相關基金所持有投資組合證券其價值同等於贖回股份之淨資產價值。

如何轉換股份

轉換股份交易是指將投資人的持股轉換至同一基金的另一類別股份，或是轉換到另一基金的同類別股份或其他類別股份。投資人的持股需確保既有的及新增的基金或股份類別兩者皆符合合格的要求，則在原始股份類別做贖回隨即在新的股份類別做申購的交易才會被執行。

投資人在特定狀況下可能將本公司股份轉換到銷售手續費架構包括贖回所適用或有遞延銷售手續費費率類似的某些富蘭克林坦伯頓基金集團之其他基金的股份或單位。相關轉換資料如：哪些投資基金股份可提供轉換、流程細節、以及轉換規定與要

件等資訊，請洽管理公司索取。

A 股及 AX 股

在此單元並未針對特定股份類別有所限制。A 股及 AX 股得轉換到任何其他的基金或股份類別只要其符合該股份類別的投資人資格標準。

A 股及 AX 股採行或有遞延銷售手續費只能轉換到採用相同或有遞延銷售手續費之 A 股或 AX 股。股份的持有期間將繼續由新的股份類別承接，且該次的轉換交易並不須支付或有遞延銷售手續費。

AS 股

AS 股只能轉換至持續提供相同幣別的其他基金之 AS 股，並依新加坡中央公積金局不時所規定的條件。

B 股

董事會已決議自 2016 年 4 月 1 日起，不再發行額外 B 股股份。於 2016 年 4 月 1 日之前申購既有 B 股的投資人，只能轉換至相同幣別及採用相同或有遞延銷售手續費的其他基金之既有 B 股。既有 B 股股份不能轉換至富蘭克林坦伯頓投資系列其他投資基金的股份或單位數。股份的持有期間將繼續由新的股份類別承接，且該次的轉換交易並不須支付或有遞延銷售手續費。任何其他股份類別不得轉換其股份至 B 股。

投資人須注意到此限制將可能侷限藉由轉換方式獲得其他基金股份的可能性，因為並非所有基金都提供 B 股。

C 股

C 股只能轉換至持續提供相同幣別及採用相同或有遞延銷售手續費的其他基金之 C 股。股份的持有期間將繼續由新的股份類別承接，且該次的轉換交易並不須支付或有遞延銷售手續費。任何其他股份類別不得轉換其股份至 C 股。

投資人須注意到此限制將可能侷限藉由轉換方式獲得其他基金股份的可能性，因為並非所有基金都提供 C 股，而且任一基金的 C 股可能隨時經董事會決議暫停提供。

EB 股

依據本章所訂定之個別股份級別相關限制，EB 級股份可轉換至任何基金或股份級別，惟持有相關股份之投資人必須符合相關股份類別的資格要求。投資人轉換股份成為 EB 級股份，只能經由特定的銷售機構、經紀商或專業投資人辦理，且該等機構必須符合 EB 股份相關資格要求，該等機構資格要求請參閱“股份類別”章節。

F 股

F 股只能轉換至持續提供相同幣別及採用相同或有遞延銷售手續費的其他基金之 F 股。股份的持有期間將繼續由新的股份類別承接，且該次的轉換交易並不須支付或有遞延銷售手續費。任何其他股份類別不得轉換其股份至 F 股。

投資人須注意到此限制將可能侷限藉由轉換方式獲得其他基金股份的可能性，因為並非所有基金都提供 F 股，而且任一基金的 F 股可能隨時經董事會決議暫停提供。

G 股

G 股只能轉換至持續提供相同幣別及採用相同或有遞延銷售手續費的其他基金之 G 股。股份的持有期間將繼續由新的股份類別承接，且該次的轉換交易並不須支付或有遞延銷售手續費。任何其他股份類別不得轉換其股份至 G 股。

投資人須注意到此限制將可能侷限藉由轉換方式獲得其他基金股份的可能性，因為並非所有基金都提供 G 股，而且任一基金的 G 股可能隨時經董事會決議暫停提供。

I 股

在此單元並未針對特定股份類別有所限制，I 股得轉換到任何其他的基金或股份類別。只有法人機構投資人可以轉換其股份至 I 股。

J 股

在此單元並未針對特定股份類別有所限制，J 股得轉換到任何其他的基金或股份類別只要其符合該股份類別的投資人資格標準。只有符合“股份類別” J 股資格要求部分條件的選定機構投資者才允許轉換為 J 股。

N 股

在此單元並未針對特定股份類別有所限制，N 股得轉換到任何其他的基金或股份類別只要其符合該股份類別的投資人資格標準。

S 股

依據本章所訂定之個別股份級別相關限制，S 級股份可轉換至任何基金或股份級別，惟持有相關股份之投資人必須符合相關股份類別的資格要求。投資人轉換股份成為 S 級股份，只能經由特定的銷售機構、經紀商或專業投資人辦理，且該等機構必須符合 S 級股份相關資格要求，該等機構資格要求請參閱“股份類別”章節。

W 股

在此單元並未針對特定股份類別有所限制，W 股得轉換到任何其他的基金或股份類別只要其符合該股份類別的投資人資格標準。只有投資人其為透過符合 W 股資格要求的中介機構、承銷商、銷售平台、以及/或經紀商/交易商來配銷可以轉換其股份至 W 股，該等機構資格要求請參閱“股份類別”章節。

X 股

在此單元並未針對特定股份類別有所限制，X 股得轉換到任何其他的基金或股份類別只要其符合該股份類別的投資人資格標準。只有法人機構投資人可以轉換其股份至 X 股，且須符合載於“股份類別”章節的條件。

Y 股

在此單元並未針對特定股份類別有所限制，Y 股得轉換到任何其他的基金或股份類別

只要其符合該股份類別的投資人資格標準。只有法人機構投資人可以轉換其股份至 Y 股，且須符合載於“股份類別”章節的條件。

Z 股

在此單元並未針對特定股份類別有所限制，Z 股得轉換到任何其他基金或股份類別只要其符合該股份類別的投資人資格標準。只有同意透過中介機構、承銷商、銷售平台、以及/或經紀商/交易商來配銷可以轉換其股份至 Z 股，該等機構資格要求請參閱“股份類別”章節。

轉換指示

股份轉換交易指示應以書面通知管理公司，或是若經許可得透過傳真、電話或電子方式確認。如果是聯名投資人投資組合其所有指示應由所有投資人簽名，除非被准予以唯一簽名授權方式或是已用授權書方式向管理公司溝通。若轉換請求非以書面為之，管理公司得要求書面並簽名確認該交易指示，在此狀況下可能會為了收到該請求的書面確認而延誤處理。

轉換股份無須申請表格。然而，個人投資人非透過經紀商/交易商而直接指示富蘭克林坦伯頓基金集團者，將須要填寫及簽署標準轉換表格（可自我們網站或依要求取得）。在投資人轉換股份之前，相關 KIID 應提供予其參考。在適用之情形下，經紀商/交易商有責任提供適當的 KIID 予投資人。請於轉換股份前經常與您的經紀商/交易商保持連繫。若您沒有經紀商/交易商，您可連絡管理公司或是當地的富蘭克林坦伯頓基金集團辦公室，其將提供相關 KIID 之電子或書面資料予您參閱。

轉換指示必須包含投資人個人投資組合號碼的明細、轉換股份的股數/價值以及涉及的二支基金的基金名稱及股份類別包括股份的國際證券識別編碼（得於以下富蘭克林坦伯頓基金集團網站查詢 <http://www.franklintempleton.lu>）以及確認已提供相關 KIID。如果轉換指示中的基金名稱、基金股份類別、基金股份的國際證券識別編碼、或基金股份之計價幣別不符合，則該次轉換將以基金股份的國際證券識別編碼為準。投資人得以於任何交易日申請股份轉換。

轉換至新基金的最低投資金額為美金一千元（或等值外幣）。任何指示導致持股餘額低於美金一千元（或等值外幣），則轉換不會被執行。

任何涉及前次的股份轉換交易必須完成而且結算完畢，否則無法執行任何的股份轉換要求。當申購之前的贖回被結算時，贖回收益將存放在本公司的收款銀行帳戶直到申購的結算。並無利息孳生使投資人受益。

任何不同基金計價幣別的任何轉換交易指示將在同一評價日完成。然而，在例外情況下，本公司或管理公司可能基於其判斷需要多一（1）個盧森堡銀行營業日來處理其幣別之轉換。本公司有權不接受任一評價日超過任何基金 10% 的股份價值的轉換。在這些情況下，轉換交易得被延遲不超過十（10）個盧森堡銀行營業日。這些轉換交易將優先以後續指示執行之。

在有限的特定狀況下，為了在特定的國家以及/或是透過特定的次承銷商以及/或是專業投資人銷售股份，本公司或管理公司可能要求多一（1）個盧森堡銀行營業日來處理轉換交易。在作業上可能要求多一日的原因是當幣別轉換是必需時。

投資人不得撤銷其股份轉換交易指示，除非有發生本公司暫停資產評價的事件（敬請詳見附錄 D）。在此類事件，只有管理公司在暫停期間終止前收到投資人書面通知，則股份轉換交易指示的撤銷才會成立。如果股份轉換交易指示沒有被撤銷，則將會在暫停終止後的下一個評價日執行股份轉換。

轉換價格

完整的基金股份轉換指示必須在任何交易日所適用的交易截止時間之前被管理公司收到並受理（詳見本基金公開說明附錄 A 之說明），以便股份可以交易日當天的每股淨資產價值為基礎做處理。

完整的基金股份轉換指示是在交易日所適用的交易截止時間之後被管理公司收到並受理時，則會以下一個評價日判定的每股淨資產價值為基礎做處理。

轉換而得的股數將依據此相關轉換兩支基金或股份類別在轉換請求相關評價日的股份淨資產價值而予以計算。

轉換費用及手續費

轉換手續費採行收取不超出擬轉換基金價值的 1.00%，得適用在特定的國家以及/或是透過特定的承銷商以及/或是專業投資人銷售股份。該類費用將於本公司計算股數後，支付款項時自動扣除。

在某些情形之下，從任何一支基金或股份類別做轉換會因兩種基金不同銷售手續費標準而須要補足收費差額，除非投資人可提出證明其於轉換之前已付清銷售手續費率的差額，即可免付此項費用支出。

目前上述轉換費用或手續費差額將被支付給主辦承銷商，而主辦承銷商可能支付部分的差額給承銷商、中介機構、經紀商/交易商、以及/或是專業投資人。然而，本公司及/或管理公司也可能依其判斷決定豁免此項差額。

如何移轉股份

移轉股份交易的目的是將投資人的持股移轉給另一位投資人。

移轉股份的指示應以書面形式為之或經妥善簽署之股份移轉表格連同若有已發行將被取消的相關股權證明書；或是若經由電話、傳真或電子方式明確表示業經許可，提交給管理公司。移轉指示必須由移轉人註明日期並簽署，若本公司或管理公司有需要，受移轉人或有權代理執行的人士也要在該移轉指示上簽署。

管理公司受理移轉交易將按照移轉人所持有本公司接受的申請書，以及符合所有基金及股份類別的合格要求。

任何移轉股份的要求只有在所涉及股份的前次移轉交易已完成而且對收到的股份結算完畢後，才會被執行。

若因移轉指示而造成持股餘額低於美金一千元（或其他等值外幣）的情形時，則本公司及/或管理公司得將該持股餘額全數贖回，並將款項支付予投資人。

股份移轉須遵從適用於盧森堡上市股票之相關股票交易所的法令方為有效。

本公司的股份可自由轉讓。但依章程規定，董事會可以在其認為有以下必要狀況時作出轉讓限制：(a) 避免基金股份被違反任何國家或政府之相關法令的個人所持有、或 (b) 依董事會的意見，該人士持有基金股份可能導致本公司負擔任何稅賦責任或遭受任何不利。

股份移轉可能須遵從特定的條件，包含或有遞延銷售手續費。投資人須確保知悉所有適用於該股份的特定條件。

配息政策

有關所有發行配息股份的基金，本公司董事會企圖將所有可歸屬的收益實質地分配到配息股份。依據任何法律或是條例規定，配息也可能從這些基金的資本中支付。依據任何法律或是條例規定，董事會保有權利提出新的股份類別其可能保留並轉投資淨收益。

個別基金分別在年度受益人大會裡宣佈年配息。

有關任何基金的期中股份配息則視董事會及/或管理公司的決議來支付。

此外，在一般正常狀況下所預定的配息時間表如下表所示：

股份類別	股份名稱	配息頻率
配息累積股份	A(acc)、AS(acc)、AX(acc)、B(acc)、C(acc)、F(acc)、G(acc)、I(acc)、J(acc)、N(acc)、S(acc)、EB(acc)、W(acc)、X(acc)、Y(acc)及Z(acc)	本類別不會發放配息，但其可分配的淨收益將反映在股份淨值的增加。
配息發放股份	A(Mdis)、AS(Mdis)、AX(Mdis)、B(Mdis)、C(Mdis)、F(Mdis)、G(Mdis)、I(Mdis)、J(Mdis)、N(Mdis)、S(Mdis)、EB(Mdis)、W(Mdis)、X(Mdis)、Y(Mdis)及Z(Mdis)	在正常狀況下，本類別預計將每月發放配息（在每個月結束之後）。
	A(Qdis)、AS(Qdis)、AX(Qdis)、B(Qdis)、C(Qdis)、F(Qdis)、G(Qdis)、I(Qdis)、J(Qdis)、N(Qdis)、S(Qdis)、EB(Qdis)、W(Qdis)、X(Qdis)、Y(Qdis)及Z(Qdis)	在正常狀況下，本類別預計將每季發放配息（在每個日曆季結束之後）。

股份類別	股份名稱	配息頻率
	A(Bdis)、AS(Bdis)、AX(Bdis)、B(Bdis)、C(Bdis)、F(Bdis)、G(Bdis)、I(Bdis)、J(Bdis)、N(Bdis)、S(Bdis)、EB(Bdis)、W(Bdis)、X(Bdis)、Y(Bdis)及Z(Bdis)	在正常狀況下，本類別預計將每半年發放配息（正常在每年的7月及1月）。
	A(Ydis)、AS(Ydis)、AX(Ydis)、B(Ydis)、C(Ydis)、F(Ydis)、G(Ydis)、I(Ydis)、J(Ydis)、N(Ydis)、S(Ydis)、EB(Ydis)、W(Ydis)、X(Ydis)、Y(Ydis)及Z(Ydis)	在正常狀況下，本類別預計將每年發放配息（正常在每年的7月/8月）
	A(Mdirc)、AS(Mdirc)、AX(Mdirc)、B(Mdirc)、C(Mdirc)、F(Mdirc)、G(Mdirc)、I(Mdirc)、J(Mdirc)、N(Mdirc)、S(Mdirc)、EB(Mdirc)、W(Mdirc)、X(Mdirc)、Y(Mdirc)及Z(Mdirc)	在正常狀況下，本類別預計將每月發放配息（在每個月結束之後）。

投資人必須在本公司訂定的過戶基準日當天列名在股東名冊上做為股利發放的對象，才能獲得配息。

除非申購書另有規定，記名配息股份之配息將正常地以轉投資方式申購基金的配息股份及類別。此配息轉投資之股份將於除息日發行。而配息轉投資時價格之計算方式與該基金其他發行股份在評價日當天之除息價格計算方式相同。畸零的股份將會計算到小數點以下三位數。配息轉投資時不加計任何手續費。不選擇配息轉投資方式之投資人只須在申請表之適當位置註明即可。若配息以現金發放，則此配息將以匯款或郵寄支票至登記地址方式發放給記名配息股份之持有者。然而，董事會得決定任何低於美金50元（或等值貨幣）的股利將被再投資於相同股份類別的股份，而非直接配發予投資人。股利配發所產生之任何費用將由投資人負擔。

若美金二百五十元（或等值貨幣）以下之配息由於資料遺失或支票未被如期兌現之故無法發放給記名投資人，本公司或管理公司保留自動將此配息與其日後附帶的配息轉投資之權利，直到收到該投資人充分之指示為止。

若配息已被宣佈但五（5）年內未被領取，則本基金依據盧森堡法律有權宣佈沒收配息，並將未付之配息歸為該基金之收益。

任何基金配息之宣佈，本公司董事會及/或管理公司有權決定，所發放之收益乃取決於已實現或未實現資本利得以及就基金由首次認繳資本中分派未扣減費用之收益，與資本損失之增加或減少無關，亦可能為部分之發行股份或再申購股份所獲得之投資所得和資本利得。

股份標示 “dirc”

配息發放股份標示 “dirc” 作為貨幣避險股份一部份的提供。

這類股份將以其貨幣避險股份為基礎每月支付配息。每一股份的月配息率為浮動的且係股份及增加的預估利率視為正數時，以每年估算其基金投資組合總收益率計算。

利率係基於來自貨幣避險策略造成避險股份貨幣以及基金的計價幣別之間的約略利率差異。這是使用每月結束時1個月遠期外匯利率與兩種貨幣的即期匯率之差額以12個月滾動平均值計算。投資經理人得決定少於100%的配發，但絕不配發超過100%的預估利率差異。

投資人應注意“dirc”股份配發優先於配息，而非資本成長以及配發超過基金收到的收益。因此，配息得來自資本支付，導致本金投資減少。投資人應特別考量“風險考量”章節的股份避險風險以及配息政策風險。

股份標示“pc”或“am”

標註有“pc”或“am”的股份類別係每月、每季、每半年或每年配息，該配息係依據每年的固定百分比或金額，從未扣減的費用及開支中計算。相關完整資訊將揭露在重要投資人資訊文件及配息表，投資人得於網站 www.franklintempleton.lu 查詢或向管理公司索取。標註有數字的股份類別（例如2、3）與具固定配息率的股份類別並不相同。為避免疑義，標註有數字的股份類別，其數字與實際配息的固定百分比或金額並不相符。實際配息的固定百分比或金額並未顯示於股份類別的名稱中。

配息發放並非是保證的，本公司基金不支付利息且基金的價格及其獲利皆會上下波動，任何配息發放會因發放之額度而降低基金股份之價值，未來之報酬及投資表現受到許多因素的影響，包括匯率改變，並非本公司、公司董事會、管理階層、管理公司或其他任何人所能控制。本公司或其董事、管理階層、管理公司、富蘭克林坦伯頓基金集團、或任何海外分公司或其董事、管理階層、職員皆無法保證未來之績效表現及報酬。

收益平準

本公司基金採用平準原則之會計處理方式，一部分收益來自股份申購及贖回成本，相當於在交易當天，以每股為基礎之未分配投資所得金額。因此，每股未分配投資所得並未受到股份之申購或贖回的影響。然而，關於任何基金只提供累計股數，董事會及/或管理公司則保留不適用平準原則之權利。

管理公司報酬

富蘭克林坦伯頓國際服務有限公司（Franklin Templeton International Services S.à r.l.）作為管理公司提供投資管理服務，以及與投資人聯絡和管理股票有關的任何費用，每年從公司收取相當於每年一定百分比的管理費。每月支付每個基金調整後的每日淨資產（“年度管理費”）的比例。此類年度管理費的詳細信息在附錄E中提供。管理公司（如適用）向部分（i）投資經理（如“投資經理費用”章節所述）和（ii）第三方經銷商，中介機構支付此年度管理費的一部分。以及在美利堅合眾國境外分配股票的經紀人/交易商（也稱為“維護費”）。此類維護費用旨在補償發行商，中介機構和經紀人/交易商向投資者提供發行或其他服務，包括但不限於加強與投資者，交易處理或其他股東和/或管理人員之間的持續訊息溝通與服務。投資者應向其相關仲介人提

出任何有關此類付款的額外資訊提供要求。管理公司還可以全權酌情向滿足某些條件（包括最低投資金額）的機構投資者支付全部或部分年度管理費用。此類維護費用的詳細資訊在公司的年度報告中提供。

為履行本公司的登記和轉讓、法人、住所和行政職能，管理公司從本公司收取不超過相關股份類別淨資產價值 0.20% 的年度費用作為報酬，加上一個依相關股份類別於超過一（1）年期間的投資人戶數計算的額外費用金額（由固定及變動組成項目組合），以及每年固定金額用以支付其部分的組織費用。這些報酬將由本公司每日計算並按月支付之。該年度費用包括支付給(i) 摩根歐洲盧森堡分行擔任行政代理機構提供本公司服務的任何報酬，以及(ii) 支付 Virtus Partners Fund Services Luxembourg S.à r.l 對本公司提供註冊及股務代理機構的服務。

根據 2010 年法令第 111bis 條，管理公司已建立並適用一致的薪酬政策，並促進健全及有效的風險管理。這些政策及實務上並不鼓勵風險承擔與風險承受度、公開說明書或公司章程不一致，並且不得有違管理公司之作為需為公司最佳利益的職責。

薪酬要求之規定適用於員工的類別，包括資深管理階層、風險承擔者、控制功能單位、以及任何員工收受報酬總額與資深管理階層和風險承擔者均納入相同的之考量，該等人員其專業活動對管理公司或本公司之風險承受產生重大影響。薪酬包括固定（主要是基本薪資）和變動（年度獎金）部分。年度獎金（得以現金，股票獎勵或兩者的組合來支付）其依賴於整體富蘭克林公司（“FRI”）企業表現，是由薪酬委員會批准，並且參考相關個人的實際表現予以發放。獎金的顯著部分可遞延至少三年，並受支付獎金的追索性條款規範。最新的薪酬政策，包括但不限於，描述薪酬福利的細節如何計算，如何與永續發展風險的整合維持一致，給予薪酬及福利的權責人員，包括薪酬委員會組成之人員身份，得於 <http://www.franklintempleton.lu> 網站線上查詢，點選“Our Company”中的“Regulatory Information”標籤（可要求免費提供紙本）。

投資經理費用

對於管理公司向基金提供的投資管理服務，其在整年度內可從本公司按月收取相當於個別基金每日調整後淨資產的特定年率百分比的投資管理費用，作為年度管理費用的一部分。投資管理費用明細，請詳見附錄 E。投資經理公司將由管理公司給予其自本公司所收取之投資管理費用以為報酬。

為獲得最好的投資執行效果，投資經理公司可能支付投資組合交易費用給經紀商，作為其提供投資研究與執行的報酬。這些研究資訊可以作為投資經理公司自己所作的研究之補充並提供其他機構的研究觀點。這些服務並不包括投資經理公司支付的旅遊、住宿、娛樂、行政用品或服務、辦公設備或場所、會員費、員工薪資、或其他直接費用。

在對本公司與投資經理公司之客戶有直接且顯著的利益、投資經理公司相信支付上述交易相關費用是基於誠信基礎、嚴格遵循適用的法令規定且對本公司有最大利益時，投資經理公司得與非個人的經紀商機構簽訂上述費用的軟酬傭契約。任何這類契約必

須由投資經理公司以符合最佳市場慣例的條件簽訂。對上述費用的使用應揭露於定期報告中。

其他公司收費及費用

主辦承銷商可能收取任何適用的銷售手續費，以不超過總投資金額的 5.75% 為上限。銷售手續費不能超過任何股份出售國家的法律、條例或施行慣例所允許的上限規定。

主辦承銷商可與不同的次承銷商、中介機構、經紀商/交易商以及/或是專業投資人簽訂合約以將股份分銷到美國境外。支付給各次承銷商、交易商或其他中介機構的費用或手續費款項得自年度管理費、分銷費用或其他通常是支付給主辦承銷商的相關類似費用中支付。此類付款的用意是為了提升銷售或其他提供給投資人之服務（包含但不限於與投資人持續進行的溝通資訊、交易執行及/或其他投資人行政服務的改善）的品質。

為本公司提供保管服務的摩根歐洲盧森堡分行將依照各基金投資屬性的不同而收取年度保管費，費率範圍為各基金之淨資產價值的 0.01% 至 0.14% 之間，本公司有些基金的年度保管費率可能較高係因其投資目標及政策係涉及投資於開發中國家的股權證券，詳細資料可參考基金年報相關之總費用比率。保管費乃由本公司每日計算並按月支付。

以上費用不包括銀行、經紀商、本公司資產與負債交易相關費用、其他各種本公司合理的費用、以及隨時可能發生的本公司應支付的各項服務費用。已支付的各種費用將登記於本公司的財務報表上。

本公司負擔的其他營運成本包括（但不限於）下列各項費用：如證券買賣的成本、政府與法定收費、法律顧問和查帳費用、保險費、利息支出、報告與公告支出、郵資、電話及傳真等費用，每日於估計及計算各基金的資產淨值之時計算之。本公司可能隨時支付一定金額的費用給管理公司使其分配予次承銷商、中介機構、交易商以及/或是專業投資人，作為在銷售平台上廣為銷售某些基金的報酬。這些成本可能由在這些銷售平台上銷售的基金來分攤。

依據上述的所有手續費及費用不包括增值稅及其他應課徵之稅項，其應由基金視要求而做支付。

分銷費用

分銷費用的適用端賴所投資的股份類別而定。該費用適用於平均淨資產價值，並支付予主辦承銷商以及/或是其他相關單位，以彌補主辦承銷商以及/或是其他單位有關銷售股份以及處理或有遞延銷售手續費產生的任何財務成本及費用。這項費用每日計算且按月扣除並支付予主辦承銷商以及/或是其他相關單位。

本公司已承諾以載於附錄 E 的費率支付主辦承銷商或其他相關第三方扣除任何稅款的分銷費用淨額。若上述款項中有任何應付稅款，則可能調升分銷費用的金額以確保

該項協議的款項能以淨額支付給主辦承銷商或其他相關第三方。截至本公開說明書之日期為止，董事會並無理由相信有任何稅款應由分銷費用中徵收。分銷費用明細，請詳見附錄E。

績效費用

績效費用之計算係依以下方式：

- **高水位線**之計算應參考(i)初始成立價格或(ii)截至最近一次評價日的淨資產價值，該淨資產價值作為與支付績效費用相關的績效期間之應計基礎，以較高者為準。
- **目標淨資產價值**應為依每日目標指標的收益調整後的高水位線。
- **績效期間**通常應為每一會計年度，除非在會計年度內成立有績效費用的股份類別的情況，則其第一個績效期間將自成立日開始。
- **目標指標**為附錄E所示的適用指標，並應以相關股份類別的計價或避險的幣別表示。

管理公司可能有權從歸屬於各股份類別的淨資產中收取以年度績效為基礎的績效費用(「績效費用」)，如適用，該費用將按日計算及累計，並於每會計年度結束時應支付。績效費用的詳細資訊，請詳見附錄E。投資經理公司將從管理公司自本公司收取的績效費用中獲取報酬。應注意，具有績效費用股份類別的年度管理費用低於不具有績效費用的股份類別(詳見附錄E)。

如於相關績效期間(扣除任何申購及/或贖回費用後)的淨資產價值增加超過(i)目標指標於同期間之增加和(ii)適用的高水位線。

績效費用於每個交易日累計，按前一交易日的淨資產價值(未扣除績效費用前)與目標淨資產價值之間的差額乘以當時未償還的股份數量。績效費用應以相關股份類別計價或避險的幣別計算並表示。

於每個交易日，對前一交易日的會計準備作出調整以反映如上所述計算的股份類別績效費用，無論是正數還是負數。如特定交易日的淨資產價值低於目標淨資產價值，則於該交易日的準備就相關基金內的相關股份類別作出調整。

如股東於績效期間結束前贖回全部或部分股份，則有關該等股份的任何應計績效費用將於該交易日生效並變成應付款。

應注意，績效費用係按相關基金的股份類別的績效計算，而非按個別投資人的投資組合計算。

下面提供的舉例說明在會計年度的不同情況中，具有績效費用的股份類別和不具有績效費用的股份類別之間收益的潛在差異，這些舉例僅用於說明目的，所顯示的收益僅用於說明目的，並不保證任何基金將獲得該等收益。

舉例 1：基金在會計年度中表現優於績效費用指標

- 基金的累積股份類別的收益率(未扣除費用和開支前)為10.00%

- 累計績效費用指標收益率為6.00%
- 績效費用率為20%
- 具有績效費用的股份類別的年度管理費總額為1.00%
- 不具有績效費用的股份類別的年度管理費總額為1.50%

	具有績效費用的股份類別	不具有績效費用的股份類別
股份類別的累積毛收益	10%	10%
扣除年度管理費	1.00%	1.50%
股份類別的累積收益(扣除每年管理費後)	9.0%	8.5%
扣除績效費用(即超額績效的20%)(請參註1)	0.6%	n/a
股份類別的累積淨收益(扣除績效費用後)	8.4%	8.5%

註1：績效費用 = 20% x (股份類別扣除每年管理費後的收益 - 累計績效費用指標收益)

舉例 2：基金在會計年度表現未達績效費用指標

- 基金的累積股份類別的收益率(未扣除費用和開支前)為5.00%
- 累計績效費用指標收益率為6.00%
- 績效費用率為20%
- 具有績效費用的股份類別的年度管理費總額為1.00%
- 不具有績效費用的股份類別的年度管理費總額為1.50%

	具有績效費用的股份類別	不具有績效費用的股份類別
股份類別的累積毛收益	5%	5%
扣除年度管理費	1.00%	1.50%
股份類別的累積收益(扣除每年管理費後)	4.0%	3.5%
扣除績效費用(即超額績效的20%)(請參註1)	n/a	n/a
股份類別的累積淨收益(扣除績效費用後)	4.0%	3.5%

註1：績效費用 = 20% x (股份類別扣除每年管理費後的收益 - 累計績效費用指標收益)

績效指標規則

歐盟績效指標規則

依據2016年6月8日的(EU)2016/1011有關用於金融工具及金融契約或衡量投資基金績效之指標的規則(簡稱績效指標規則)，如管理員已提供績效指標基準並登錄於由歐洲證券和市場管理局(ESMA)依績效指標規則第36條維護更新之管理者及績效指標之登錄名冊(簡稱登錄名冊)中，則受監管的事業可以於歐盟使用績效指標。位於歐盟的績效指標管理員，其基金使用的指標受益於績效指標規則下的過渡性條款，因此可能尚未出現在登記冊中。位於歐盟的績效指標管理員應根據績效指標規則申請核准或註冊為管理員，並於2020年1月1日前登記在登記冊中。位於其他國家的績效指標管理員，其基金使用的指標受益於績效指標規則下的過渡性安排，因此可能不會出現在登記冊上。

績效指標規則要求管理公司備置並維護完善的書面計劃，列明在績效指標(依績效指標規則定義)發生重大變化或不再提供時將採取的行動。管理公司維持一份書面計劃，列明在指數發生重大變化或不再提供時將採取的行動。該書面計劃可以免費於管理公司的註冊辦公室索取。

自2021年11月1日起，多空策略基金之績效指標將修訂如下：

基金	績效指標	績效指標管理員	目的
多空策略基金	Euro Short-Term Rate (ESTR) 歐元短期利率	European Central Bank 歐洲中央銀行	績效費用
	Swiss Average Rate Overnight (SARON) 瑞士隔夜平均利率	SIX Swiss Exchange 瑞士證券交易所	
	Secured Overnight Financing Rate (SOFR) 擔保隔夜融資利率	Federal Reserve Bank of New York 紐約聯邦儲備銀行	
	Sterling Overnight Index Average (SONIA) 英鎊隔夜拆款平均利率	Bank of England 英格蘭銀行	
	Tokyo Overnight Average Rate (TONAR) 東京隔夜平均利率	Bank of Japan 日本銀行	

本公司稅賦

以下資訊是基於盧森堡大公國現行的法律、法規、決定和實務及其中甚或有追溯效力可能性的變動。本摘要並非旨在全面介紹可能與投資決定、擁有、持有或出售股份相關之盧森堡稅法及盧森堡稅務考量，且並非企圖對任何特定投資人或潛在的投資人提供稅務意見。本摘要並沒有敘述除了盧森堡大公國以外的任何國家、地區或其他稅務管轄區之法律所產生的任何稅務後果。投資人應自行了解，並在適當的時候向專業顧問諮詢依據其國家對公民、居民、設籍者或公司的法律規定，對於有關申購、買回、持有或是處置股份的可能稅務結果。

本基金的利潤或收入無需支付盧森堡的稅捐及不受盧森堡大公國法律淨財富稅之規範。

然而，本基金每年必須繳納淨資產價值的 0.05% 給盧森堡作為稅捐，此筆稅捐應以每月曆季的季終資產淨值計算，分季納稅。這個稅捐並不適用於基金其他已繳納該稅捐的投資部位。然而，為了符合現行之調降稅率 0.01%（而非前述的 0.05% 稅率），美元短期票券基金採取的投資方式為維持個別基金之投資組合中的所有證券與工具之加權平均剩餘到期日為不超過十二個月。為了計算每個單一證券或工具的剩餘到期日，附加的金融工具須考慮在內。證券或投資工具有根據市場狀況提供機動利率的發行條件時，須將至剩餘到期日所調整的利率考慮進去。

若此股份類別的所有投資人個別皆為機構投資人，則 I 股、J 股、X 股及 Y 股基金也可能符合調降稅率 0.01% 的條件。

本基金所發行的股份，無需支付盧森堡印花稅及其他稅捐。於公司成立或本公司章程修訂時需支付 75 歐元之註冊費用。

依據目前法令規定和實務，在盧森堡無需繳納本公司已實現或未實現資本增值的稅捐。

本公司已在盧森堡作增值稅的登記並依據相關法規負擔增值稅。

本基金自不同來源所獲的投資收入或資本增值可能以其來源國家之稅務規定。依各種稅率納稅，本公司可能自盧森堡與其他國家所訂的雙重課稅條例中受到優惠。

預扣稅

本公司之配息在盧森堡大公國無須支付預扣稅。

投資人稅賦

投資人應注意某些股份類別得分派資本、已實現和未實現淨資本利得，以及未扣減費用之收益。此可能導致投資人收取高於其原應收取的股息，因此投資人可能須承受較高的所得稅負擔。此外，在一些情況下，此可能意味著基金是從資本屬性而非收益屬性來分派股息。這類股息就稅務目的可能仍被視為落入投資人手裡的收益分派（取決

於當地的稅務法規規定）。如果股份類別收取績效費用，投資人應注意，根據當地的稅務法規，這種績效費用不得視為投資人稅收目的的可扣除費用。投資人應就此尋求專業稅務諮詢。

盧森堡

投資人目前無須在盧森堡繳納資本利得、收益、代扣稅、贈禮、房地產、繼承或其他稅捐（於盧森堡有永久居留權、盧森堡居民、或在盧森堡有常設機構的人士除外）。

金融帳戶資訊自動交換

2014年10月29日，盧森堡大公國簽署有關實施自動交換金融帳戶資料全球標準的「多邊主管當局協定（Multilateral Competent Authority Agreement，或稱做“多邊協議”」。透過簽署多邊協議，盧森堡同意實施有關規定，以實現與其他多邊協議簽署國自動交換資料。

2014年12月9日，歐洲理事會通過了第2014/107/EU號稅收領域行政合作指令。第2014/107/EU號令訂明了有關歐盟成員國之間的帳戶資料自動交換事宜，有關2016曆年所持帳戶的報告已於2017年開始。在透過2015年12月18日盧森堡法律（稱做“2015年法令”）有關金融帳戶資料自動交換的稅務事項規定，第2014/107/EU號令已然實行且其自2016年1月1日起生效。

投資人應注意本公司依盧森堡法律規定須就居住於歐盟成員國或簽署多邊協議的司法管轄區的帳戶持有人之特定帳戶的詳細資料作出申報。根據第2014/107/EU號令及多邊協議，盧森堡稅務局可與其他歐盟成員國及簽署多邊協議的司法管轄區（視乎帳戶持有人的稅務居住地）的稅務局共享該等帳戶資訊。可能作出申報的資訊包括：以個人為例，得申報個人的姓名、地址、稅籍編號、出生日期及出生地、帳戶餘額以及相關申報期間的帳戶支出或收入的總額。

2003年6月3日，歐洲理事會通過了第2003/48/EC號有關利息款項形式儲蓄收益的稅務指令，其要求歐盟成員國關於司法管轄區內付款代理商（如“儲蓄指令”的定義）給其他歐盟會員國或特定歐盟會員國（其在過渡期間對相關款項採用預扣稅方式以取代資訊交換）之居民的利息支付及其他類似的付款細節須提供予其他歐盟成員國的稅務局。瑞士、摩納哥、列支敦士登、安道爾、聖馬利諾、英屬海峽群島、曼島以及位於加勒比海的各屬地，亦已採用同等的資訊申報措施，或是在過渡期間內採用預扣稅方式。歐洲儲蓄指令在2005年6月21日盧森堡法律（稱做“2005年法令”）已被實施。前述事項僅為第2014/107/EU號指令、“多邊協議”和“2015年法令”涵義的摘要，係依據截至目前為止的解釋，且並不表示已涵蓋該法規的全貌。前文並非投資或稅務建議，投資人應該尋求財務或稅務的諮詢以了解該第2014/107/EU號指令、“多邊協議”和“2015年法令”的完整解釋。

外國帳戶稅收遵從法（簡稱 FATCA）

外國帳戶稅收遵從法（以下簡稱 FATCA）是美國國稅法的修訂法案，在 2010 年被頒布，而許多的施行細則將於 2014 年 7 月 1 日起開始生效。基本上，FATCA 要求美國境外的金融機構（“外國金融機構”或“FFIs”）提供美國內地稅務局(“IRS”)關於特定美國人所直接或間接持有的金融帳戶資訊。特定種類的美國來源收益在支付給沒有符合 FATCA 規定的外國金融機構時，將被課徵 30% 的預扣稅款。於 2014 年 3 月 28 日，盧森堡大公國已與美國簽訂 Model 1 模式的跨政府合作協議(IGA)及其備忘錄。當實施為了遵守 FATCA 細則的 2015 年 7 月 24 日有關於 FATCA 的法令(“FATCA 法令”)的盧森堡法律而非直接遵守美國財政部執行 FATCA 的規範時，本公司將因此而必須遵守此盧森堡 IGA。在 FATCA 法令及盧森堡 IGA 規範下，基於 FATCA 目的，本公司將被要求收集足資辨識其直接與間接股東是美國人的資訊(“應申報帳戶”)。任何提供予本公司的此類應申報帳戶資訊將被盧森堡稅務機關所分享，而依據 1996 年 4 月 3 日在盧森堡由美國政府與盧森堡大公國政府對有關收益及資本的賦稅之雙重課稅的避免與財政逃稅的預防所簽訂兩國間慣例第 28 條規定，盧森堡稅務機關基於前揭規定自動地交換該資訊給美國政府。本公司打算遵守於盧森堡法令下施行的 FATCA 法令以及盧森堡 IGA 的細則，成為視同符合 FATCA 規定，因此有關本公司股份其緣於本公司實際以及視同美國資產的任何此類款項支付將無須受 30% 預扣稅之拘束。本公司會持續地評估 FATCA、尤其是於盧森堡法令下施行的盧森堡 IGA 對本公司所定要件的範圍。

富蘭克林坦伯頓國際服務有限公司擔任本公司管理公司的職責下，為確保本公司遵循前述之 FATCA、FATCA 法令及盧森堡 IGA 規範，得：

- a. 要求資訊或文件，包括：W-8 申報表格、全球中間機構識別碼（若適用時），或是任何其他股東與美國內地稅務局(IRS)的 FATCA 註冊有效證明或是相應的豁免文件，以便查明這類股東的 FATCA 身分；
- b. 向盧森堡稅務主管機關申報關於股東及其持有於本公司的帳戶之資訊，如果這類帳戶在 FATCA 法令以及盧森堡 IGA 規範下視為美國應申報帳戶；以及
- c. 向盧森堡稅務主管機關申報關於款項支付予具有未參與外國金融機構 FATCA 身分之帳戶持有人的資訊。

英國

本公司所發行的特定股份類別打算符合具備有關境外基金就英國稅收立法目的之“申報”資格的條件。在英國網站：<http://www.franklintempleton.co.uk> 將提供此年度報告供投資人參閱。適用的基金股份類別清單可在本公司的註冊辦公室取得。此資訊亦可在前揭網站取得或是向本公司的註冊辦公室索取。

會議及報告

每年的 11 月 30 日在本公司註冊營業處所舉行投資人年度會議，若是這天非盧森堡銀行營業日，則為 11 月 30 日往後推的盧森堡銀行營業日。如果法律規定不需要公告或者由董事會強制執行，則可以透過掛號郵件，電子郵件或透過其他溝通方式通知股東。須要公告的所有會議通知將公告於：盧森堡日報〔Luxemburger Wort〕和 Recueil Electronique des Sociétés et Associations (稱做“RESA”)，至少在開會前十五(15)天通知。這類通知應董事會間或決議也可能於網際網路取得資訊。會議通知包括：議程以及會

議的時間地點，准予出席情況以及遵行盧森堡大公國法律對會議所須的法定人數和多數表決的相關要求。所有股東常會之出席人數、法定人數以及多數表決的要求訂定於1915年8月10日修訂之有關商業公司法第450-1條和第450-3條以及本公司章程裡。

已審核年報及未審核半年報將可於以下富蘭克林坦伯頓網址取得：<http://www.franklintempleton.lu>，或是向本公司或管理公司註冊營業處所索取；並於當地法規有此要求時發送給登記股東。完整的已審核年報及未審核半年報可至本公司或管理公司註冊營業處所索取。本公司之會計年度截止日為每年的6月30日。

投資人投票權

在任何本公司的股東大會，每位股東所持有的每一完整股份皆享有一票，不管什麼股份並且與股份類別的每股淨資產價值無關。

任何特定基金或股份類別的股東享有在該特定基金或股份類別所召開的任何不同的股東會為其所持有的每一完整股份投一票，不管什麼股份並且與股份類別的每股淨資產價值無關。

如果是聯名股東時，只有第一記名股東得投票，其為本公司得視為所有聯名股東的代表，除非另有股東已被所有聯名股東明確地提名或是已給予書面授權書。

查驗文件備取

在本公司或管理公司註冊營業處所可索取文件副本。

附錄 A—標準交易截止時間

除非在當地的公開說明書補充資料中有特別揭露，否則任何協議書或行銷資料、基金申購請求、贖回或轉換（以上稱為「交易」）在下表所列評價日的適當的交易截止時間之前被富蘭克林坦伯頓基金集團各地辦公室所收到的交易，將可以該交易日所計算的基金股份淨值來交易。

標準交易方式

（如果管理公司明確允許，則採用書面、電話、傳真或電子請求（包括電子郵件））

盧森堡辦公室

主要涵蓋國家及地區	相關股份計價幣別交易截止時間	相關股份之其他可接受幣別交易截止時間	避險股份交易截止時間
本公司已註冊銷售的國家皆涵蓋在內，但不包含下列的其他當地富蘭克林坦伯頓基金集團辦公室	18:00 CET	18:00 CET	18:00 CET

法蘭克福辦公室

主要涵蓋國家及地區	相關股份計價幣別交易截止時間	相關股份之其他可接受幣別交易截止時間	避險股份交易截止時間
<ul style="list-style-type: none"> ● 奧地利 ● 德國 ● 瑞士 	16:00 CET	16:00 CET	16:00 CET
<ul style="list-style-type: none"> ● 荷蘭 	18:00 CET	18:00 CET	18:00 CET

香港辦公室(北亞洲區域)

主要涵蓋國家及地區	相關股份計價幣別交易截止時間	相關股份之其他可接受幣別交易截止時間	避險股份交易截止時間
<ul style="list-style-type: none"> ● 香港 ● 澳門 ● 南韓 	16:00 HKT	16:00 HKT	16:00 HKT

新加坡辦公室(可能適用在東南亞及澳洲區域)

主要涵蓋國家及地區	相關股份計價幣別交易截止時間	相關股份之其他可接受幣別交易截止時間	避險股份交易截止時間

● 新加坡	16:00 SGT	16:00 SGT	16:00 SGT
美洲辦公室			
主要涵蓋國家及地區	相關股份計價幣別交易 截止時間	相關股份之其他可接受 幣別交易截止時間	避險股份交易截止時間
加勒比海地區 拉丁美洲	16:00 EST	16:00 EST	12:00 EST(除了H4是 16:00 EST)

電子交易

(SWIFT、與富蘭克林坦伯頓基金集團的直接電子連線或透過富蘭克林坦伯頓基金集團的電子服務(如果管理公司允許))

主要涵蓋國家及地區	相關股份計價幣別交易 截止時間	相關股份之其他可接受 幣別交易截止時間	避險股份交易截止時間
任何可銷售本公司股份 的地區以及/或有電子 服務的地方	22:00 CET	22:00 CET	18:00 CET

若投資人所在的國家與地區不在上表中,但其所在國家與地區依據相關法令是可以交易本公司基金者,應與其最近的富蘭克林坦伯頓基金集團辦公室的客戶交易服務代表聯繫。該資訊可以在以下網址查閱:<http://www.franklintempleton.lu>。

時區縮寫定義:

CET (Central Europe Time): 中部歐洲時間

EST (Eastern Standard Time (USA)): 美國東部標準時間

HKT (Hong Kong Standard Time): 香港標準時間

SGT (Singapore Standard Time): 新加坡標準時間

附錄 B—投資限制規定

投資限制規定

除非在以下第 5 節中所述之“貨幣市場基金的具體投資限制和投資組合規則”另有規定，否則董事會對本公司資產及其活動已採用下述的投資限制。若為了本公司之最佳利益而被認為有必要時，這些限制與政策得隨時由董事會修改，在此情形下公開說明書亦將隨之更新。

盧森堡法律所制定的投資限制必須由不符合貨幣市場基金資格的各基金予以遵守。。

1. 對可轉讓證券與流動性資產的投資

- a) 本公司將投資於：
- (i) 在受管轄市場所認可或交易之可轉讓證券以及貨幣市場工具，及/或；
 - (ii) 在歐盟成員國之其他受管轄、運作合乎規律且被認可的公開市場交易中交易的可轉讓證券以及貨幣市場工具；
 - (iii) 於其他非歐盟成員國被認可的證券交易所受允許公開上市或是在非歐盟成員國之其他受管轄、運作合乎規律且被認可的公開市場交易中交易的可轉讓證券以及貨幣市場工具；
 - (iv) 最近發行之證券以及貨幣市場工具，其發行條件中保證將取得於證券交易所或其他受管轄市場上市交易之核准，或是於其他如 (i)、(ii)、(iii) 項所列之國家或地區的受管轄、運作合乎規律且被認可的公開市場的交易核准，此核准須於申購一年內取得；
 - (v) UCITS 的單位或/及其他 UCIs，無論其是否為在歐盟成員國境內，只要符合以下條件：
 - 此其他 UCIs 經任何歐盟成員國法律授權，或遵循其他法律者，惟該法律須規定他們係受到經盧森堡主管機關認為具有相當於歐盟法律所規範的監管效力且完全確保其主管機關間的合作，
 - 此其他 UCIs 對股東的保護程度與 UCITS 提供給股東的保護程度相等，特別是關於資產分隔、借、貸、可轉讓證券以及貨幣市場工具之無擔保銷售的規則須與 2009 年 7 月 13 日的歐盟議會和理事會指令 2009/65/EC 的要求相當，
 - 此其他 UCIs 的業務將在半年報或年報中做出報告，提供在報告期間資產及負債、收入及營運的估計，
 - 收購完畢之 UCITS 或其他 UCIs，依其組織文件規定，可集合投資於其他 UCITS 或其他 UCIs 的資產不得超過 10%；

- (vi) 在信用機構的存款，在需要時可以返還或有提款的權利，且於12個月內到期，惟該信用機構是在歐盟成員國有註冊辦公室，或其註冊辦公室雖在非成員國家，但其遵守盧森堡主管機關所認可之相當於歐盟法的嚴謹的規則；
- (vii) 在以上(i)到(iv)點中之受管轄市場交易的金融衍生性商品，包括約當現金結算工具，或在櫃檯買賣市場交易的金融衍生性商品（櫃檯買賣市場衍生性商品），只要：
- 連結之標的包含本附註 1. a) 金融指數、利率、匯率或貨幣，基金依照其投資目標得投資之標的，
 - 櫃檯買賣市場衍生性金融商品的交易對手為嚴謹監督之機構，並屬於經盧森堡主管機關核准之類別，
 - 櫃檯買賣市場衍生性金融商品經過可靠且可鑑別的每日評價，且可隨時由本公司主動依公平市價賣出、清償、或平倉，及/或
- (viii) 非在受管轄市場交易且為 1. (a) 中之之貨幣市場工具，然而該投資工具之發行或發行者接受保護投資人及儲蓄之規範，且此工具為：
- 由中央、地區或地方當局、歐盟會員國之中央銀行、歐洲央行、歐盟或歐洲投資銀行、非結盟國家（若為聯邦政府，須是組成聯邦的成員之一）、有一個以上會員國參與之公開國際組織發行或提供保證，或
 - 經已在上述受管轄市場交易之證券為標的之約定發行，或
 - 經嚴謹監督遵守歐盟法之機構，或遵守經盧森堡當局認定與歐盟法同等嚴格之規則之機構，提供發行或保證，或
 - 由盧森堡監督當局核准之其他團體發行，惟該投資工具符合等同保護投資人之規章第一條、第二條或第三條之規定，且該發行公司資本額及準備金至少1千萬歐元，且依據78/660/EEC 第四命令發布年報，並且參與一家或多家公司、且至少有一家專精於受益於銀行流動額度的融通債權工具的公司團體。
- b) 本公司得投資10%以下之基金淨資產於符合上述資格以外之可轉讓證券及貨幣市場交易的工具、
- c) 各基金可持有少量流動資產、
- d) (i) 不得將超過10%的淨資產投資於同一家公司的證券及貨幣市場工具。本公司之個別基金不得投資超過淨資產價值20%以上於同一個公司所發行之存款。基金公司在櫃檯買賣市場衍生性金融商品中對同一交易對手之曝險總額，若該交易對手為1. a)(vi)項提及之信用機構，則不得超過資產價值10%，若為其他機構，則不得超過資產價值5%。
- (ii) 該基金持股超過其淨資產價值5%以上的各個發行公司持有的可轉讓證券及貨幣市場工具總值不得超過該基金淨資產價值的40%。該限制不適用於嚴謹規範的金融機構發行之存款及櫃檯買賣市場衍生性金融商品交易。

雖然 1. d)(i)段落提及個別限制，基金不得同時含有：

- 投資於單一公司發行之可轉讓證券或貨幣市場工具、
- 單一公司之存款、及/或
- 單一公司發行之櫃檯買賣市場衍生性金融商品交易之曝險部位。

上述三個項目合計不得超過基金淨資產的 20%。

(iii) 當此證券或貨幣市場工具是由歐盟成員國，由歐盟成員國的地方政府或非成員國或包含一個或多個歐盟成員國的國際組織發行或擔保，上述 1. d)(i)限制則提高至 35%。

(iv) 段落 1. d)(i)中第一句提到之限制，應為 25%，1.擔保債券為根據 2019 年 11 月 27 日歐洲議會和理事會指令(EU) 2019/2162 第 3 條第 1 點定義關於擔保債券的發行和擔保債券的公眾監督以及修訂指令 2009/65/EC 和 2014/59/EU（以下簡稱“指令(EU) 2019/2162”），以及 2.對於在 2022 年 7 月 8 日前發行的某些債券其在歐盟成員國有註冊辦公室之信用機構，並依法服從保護債券投資人之特殊公開監督機構之規範。特別是 2022 年 7 月 8 日前發行這些債券的總和必須依資產法規定投資於在債券存在期間內都能夠立刻變現以符合債券之贖回要求，且在發行公司破產時享有本金及利息優先順位支付之資產。

若基金投資超過淨資產 5%於上述種類且為同一發行公司之債券中，該投資金額不得超過基金資產 80%。

(v) 於以上 1. d) (iii)及 1. d) (iv)中提到的可轉讓證券與貨幣市場工具不包含在以上 1. d) (ii)中所述之 40%的計算限制中。

以上 1. d)(i), (ii), (iii)及(iv)項之限制不得合併，因此，投資在相同發行公司發行之可轉讓證券及貨幣市場工具，符合 1. d) (i), (ii), (iii)及(iv)項之要求，無論是存款或衍生性金融商品，皆不得超過基金淨資產 35%。

依 83/349/EEC 命令，或公認國際會計規則之定義為合併帳戶而包含在相同集團之公司，在計算 1. d)項中限制時被視為單一個體。基金最高可投資其淨資產 20%於同一集團之可轉讓證券及貨幣市場工具。

(vi) 在不損及以下(e)段落中所述之投資限制的狀況下，當一個基金的投資政策目標為複製一個經盧森堡主管機關認可之特定的股票或債券指數時，本段落 d)中就單一公司所發行的股份及/或債券所規範的限制為 20%，只要：

- 該指數的成分股組合充分的分散、
- 該指數表現出其參考市場的適當指標、
- 該指數以適當的方式公佈。

若證實前述限制將依特定可轉讓證券或貨幣市場工具之主要交易場所之受管轄市場之特定例外市場狀況調整，則前述限制可調整為35%，惟該35%的限制僅限允許一個單一發行公司。

- (vii) 基於風險分散的原則，基金可將其淨資產投資於由任何歐盟成員國、其地方政府、有一個或一個以上歐盟的成員國或OECD之任何其他成員國、或新加坡或任何G20的成員參加的國際性組織或經濟合作組織成員國發行或擔保的可轉讓證券以及貨幣市場工具，本公司得投資任何基金之100%的資產於前述證券，惟該基金最少得投資於六項不同之證券，且每項證券持有比例不得多於該基金之淨資產的30%。
- e) 本公司及公司的任何基金不可投資於有投票權，且可藉此對發行公司的管理階層產生相當之影響力之股份，且基金得投資於下述有價證券的比例不得超過以下限制(i)不得投資單一發行機構所發行10%之不具投票權股份，(ii)單一發行單位發行之債權證券的10%，(iii)單一集合投資事業所發行單位之25%，(iv)任何單一發行機構發行之貨幣市場工具的10%。然而，若在購買之時其債券或貨幣市場工具之淨值無法估計，則(ii)(iii)(iv)項的限制得予以省略。
- e)項限制並不適用於(i)歐盟成員國、地方政府或任一包含歐盟成員國之國際組織發行或擔保之可轉讓證券或貨幣市場工具。(ii)若被投資之公司雖非予歐盟成員國註冊，但其資產大多投資於在歐盟成員國中註冊登記之發行機構所發行之股份，而當地法令規定，本公司在符合43及46條款和2010年12月17日法規之48條款中的第一及第二段的情況一，上述之方式為投資該國唯一的方式。
- f) (i) 除非特定基金投資政策允許，否則每一基金不得投資超過淨資產10%於UCITs及其他UCIs。
- (ii) 若特定基金不適用於前述f)(i)中的限制，則依其投資政策規定，該基金可購買1.a)(v)段落中提及之UCITs或其他UCIs之單位，惟不超過基金淨資產20%投資在單一UCITs或其他UCIs。
- 基於施行此投資限制之目的，UCITs之每一個個別區隔及/或其他具有多重區隔的UCIs都將被視為是分離的發行者，惟需確認不同區隔之義務分離原則。
- (iii) 對UCITs或其他UCIs單位所作之累積投資不得超過基金淨資產30%。
- (iv) 當基金投資於連結到由本公司所管理或控制的UCITs或其他UCIs單位時，或是被本公司大量的直接或非直接的持有持有時，不能向公司帳戶收取投資UCITs或其他UCIs之申購或贖回手續費。

當基金投資於如上一段所述之UCITs或其他UCIs時，其管理費（不包含任何可能的績效費）及UCITs或其他UCIs之相關費用不得超過該相關投資的2%。本公司將會把相關期間內該基金與該UCITs或其他UCIs的總管理

費記載於年報中。

- (v) 基金可購買不超過 UCITs 或其他 UCIs 25%之單位。若購買時其發行單位之總金額無法計算，則可忽略此限制。若該 UCITs 或其他 UCIs 有多重間隔，此限制適用於該 UCITs 或其他 UCIs 之所有間隔的單位。
- (vi) 基金投資之 UCITs 或其他 UCIs，其所屬的單位資產不須列入 1. d)項之限制的考慮。
- g) 基金得認購、取得及/或持有由一個或多個其他基金將發行或已發行的股份，而不受 1915 年 8 月 10 日商業公司法（經修訂）有關公司本身股份的認購、取得及/或持有的要求限制，然而須遵循下列條件：
 - (i) 目標基金不會反向投資於該目標基金之基金；及
 - (ii) 目標基金其自可轉讓證券集體投資計畫及/或其他集體投資計畫取得之單位不超過 10%之資產；及
 - (iii) 只要已被基金所持有且為不損及帳目和定期報告的適當處理，附加於目標基金股份之投票權(若有的話)將暫停；及
 - (iv) 在任何情況下，只要基金持有這些股份，依 2010 年 12 月 17 日法律中核實淨資產最低門檻之目的，其價值將不納入本基金淨資產之計算；及
 - (v) 基金投資於目標基金，將不重複收取管理/認購或買回費。
- h) 本公司不得：(i)為任何基金的利益購入任何僅部分付款或尚未付款或涉及債務（或有債務或其他債務）的證券，但依該證券的發行條件或依據持有者的選擇權可於購入後一年內免除該等債務者例外，及(ii)為任何基金擔任其他發行人的承銷商或次承銷商。
- i) 本公司不得申購或買入任何持有者須負擔無限債務的投資。
- j) 本公司不得申購由投資經理公司、或任何關係人、或管理公司所發行的證券或債權工具。
- k) 除非本公司得維持期貨或選擇權交易的期初保證金的水準，否則本公司不得以保證金購買有價證券（除非是依據第 2. e) 的規定，利用短期信用額度在必要時做有價證券買賣的清算）或做可轉讓證券、貨幣市場工具、或以上其他金融工具的無擔保賣出。

2. 其他資產的投資

- a) 本公司不得購買任何不動產及買入相關的選擇權、權益或利益，惟本公司得為任何基金投資於以不動產或其利益擔保的證券或不動產投資公司所發行的證券。
- b) 本公司不得投資於貴重金屬或代表該等貴重金屬的憑證。

- c) 本公司不得進行直接商品交易或商品契約。然而，本公司得為避險目的進行金融期貨交易，但須遵循以下3.所述之限制。
- d) 本公司不得借款予其他人士、為第三者擔保、或背書、或以其他方式直接承擔債務或是或有債務、或涉及任何責任與負債或涉及借款的任何人士，但本項限制中下列情形除外：
 - (i) 如為購入已全付或部份償付之債券、公司債或其他企業債券或政府債、由OECD成員國或其他國際性組織成員發行或擔保的證券、短期商業本票、存單、銀行承兌匯票或其他交易性債權工具者，不應視為借貸；以及
 - (ii) 如為以沖銷貸款購買外幣者，不應視為借貸。
- e) 本公司不得為任何基金借入款項，惟不超出其淨資產之10%的款項則例外(以市價計算)，且僅得為暫時性措施。然而本公司得以沖銷貸款購買外幣。
- f) 本公司不得將任何基金所持證券或其他資產質借、擔保、抵押、或以任何其他方式成為債務的擔保品，惟第e)條提及之有必要的借款除外。然而，基於當發行時(When-issued)交易或延遲交割的基礎所做的證券買賣、為進行選擇權或期貨買賣交易所做的抵押等，並不視為資產抵押。

3. 金融衍生性商品

基金得為投資、效率投資管理與避險的目的而使用金融衍生性商品，並遵循2010年12月17日法規對集合投資事業的相關規範。在任何情形下皆不得因金融衍生性商品的使用而導致基金偏離其投資政策。

各基金得依據第1.a)(vii)中所述之限制範圍內投資於金融衍生性商品，但其標的資產的曝險部位合計不得超過第1.d)(i)至(v)項中所述的投資限制。當一個基金投資於以指數為基礎的金融衍生性商品時，該等投資無須被合併計入第1.d)條所述的限制中。當一個可轉讓證券或貨幣市場工具結合了衍生性商品時，則後者必須計算在內以符合本項限制的要求。

本公司代表相關基金可選擇經由董事會選取之第一類別金融機構的 swap counterparties，且此受限於由 CSSF 為櫃檯買賣市場衍生性交易及專門歸類於此類交易之目的所核可之所屬類別及謹慎監管者。

如其情形適用，個別基金有關櫃檯買賣市場衍生性交易收取之擔保品可能抵銷交易對手之淨曝險，假如其符合 CSSF 不定期發布的適用法令、法規以及函令的規定，特別是流動性、價值、發行者信用品質、相關性、與擔保品管理有關的風險以及可執行性，進一步說明如下。擔保品主要由現金及高評等之主權債券所組成。擔保品價值被擔保價值的短期波動降低比例(下稱“抵減率”haircut)。合格擔保品移轉的資產類型，將根據與每個交易對手簽訂的協議而有所不同，通常包括現金、美國國庫券，及受美國政府和/或歐盟核心主權國家完整信用擔保的美國政府機構債券及機構債務。各項資產類型的合格擔保品及其使用的估值折扣方法，

應符合 2016 年 10 月 4 日歐盟授權委員會條例 (EU) 2016/2251 歐洲議會和理事會 (EU) No 648/2012 號補充條例之要求，且其中有關櫃檯買賣市場衍生性商品、中央交易對手，及用於降低中央交易對手未結算櫃檯買賣市場衍生性商品契約風險的監控交易資料庫（通常稱為“歐盟未結算櫃檯買賣市場衍生性商品保證金規定”），亦應隨時符合法規更新的要求。交易對手依據協議內容每日計算淨曝險部位，包括最小移轉金額，通常少於 500,000 歐元。低於最小轉移金額門檻的擔保品將不會被轉移。如果交易對手對基金的淨曝險部位超過最小轉移金額時，交易對手將向基金要求移轉擔保品。基金和交易對手間擔保品的維持率，可能會因其曝險部位的市場變化而波動。

收取之非現金擔保不出售、再投資或抵押。現金擔保之再投資或將以確立在國際互換交易與衍生性金融商品協會主契約（下稱“ISDA 主契約”）之信用擔保附約（“CSA”）條款一致之方式，與在附錄 B 投資限制之相關交易對手及多變風險要求併同實施：(a) 依據貨幣市場基金管理規定 (MMFR) 定義的短期貨幣市場所發行以供集合投資之用的股份或單位。(b) 註冊於會員國之金融機構的存款，若是非會員國之金融機構，則該國的金融監管規範須經由盧森堡金融管理當局 (CSSF) 的認可，認定該國的標準與歐盟的法律相當。(c) 依據國際互換及衍生性金融商品協會之主契約 (ISDA Master Agreement) 中的信用擔保附約 (CSA) 的高品質政府公債。(d) 與金融監管健全的金融機構所進行的附賣回交易，且該交易可隨時以本金加上攤銷利息全額地要求金融機構賣回。在投資政策中，規範基金對於擔保品的再投資（特別是禁止投資衍生性商品或隱含槓桿之其他投資工具），以避免影響全球曝險的計算。

依據前段所訂定的標準，基金得由任何歐盟成員國、其地方政府、有一個或一個以上歐盟的成員國或 OECD 之任何其他成員國、或新加坡、或任何 G20 的成員國參加的國際性組織或經濟合作組織成員國所發行或擔保的各種不同可轉讓證券以及貨幣市場工具而被充分擔保，惟該基金最少須持有六項不同之證券，且每項證券持有比例不得多於該基金之淨資產的 30%。

所持有資產之現行價值、交易對手風險、可預期的市場變動以及得以出清部位的時間須一併計入有關金融衍生性商品的全球總曝險部位。

本公司應確保各基金有關金融衍生性商品的總曝險部位不得超過該基金之總淨資產。因此該基金之整體風險曝露不得超過其總淨資產的 200%。此外，如有暫時性借款時，則該基金因暫時性借款而致之整體風險曝露不得增加超過 10%（如第 2. e) 中所述）。因此，無論在任何情況下，任何基金之整體風險曝露皆不得超過 210%。

若適用，基金得使用風險價值法 (Value-at-Risk, 簡稱 VaR) 或是承諾法 (Commitment Approach) 來計算總曝險部位。

若一個基金的投資目標指出一項指數可能用來比較其績效時，用來計算其整體風險曝露的方式得考慮使用一項不同於該基金之投資目標中所述之用來作績效或波動比較的指數。

匯率避險

公司為了規避基金的匯率風險，會承作遠期外匯契約、匯率期貨、賣出匯率買權或買進匯率賣權及換匯交易，而該等交易可透過交易所、店頭市場，或是直接與高評等的金融機構來議價執行。

由於是為了規避匯率風險，所承作的避險契約，其單一貨幣的契約價值，不得超過該基金持有該幣別之證券與其他資產的總值(或是其他幣別的證券與其他資產，但是該幣別的波動性與避險契約的幣別具有高度相關)。

因此，公司對於每一檔基金，會採用以下的匯率避險方法：

- 替代貨幣的避險，該方法藉由替代貨幣與基金持有的貨幣波動性相似，以買賣基金(或指標、基金資產的曝險幣別)的替代貨幣來達到規避匯率風險的效果。在避險準則中，定義貨幣波動性相似為下列情況：(1) 在一段期間裡，兩者貨幣之間的相關性超過 85%；(2) 兩者貨幣的政府皆分別有政策明訂，確定於未來將參加歐洲貨幣聯盟(歐元區國家)(包含使用歐元為替代貨幣，來規避基金持有他國貨幣計價的債券部位所致之匯率風險，而該國料將成為歐元區國家)；以及(3) 在一籃子貨幣中，使用其中的一種貨幣來規避另一個貨幣的匯率風險，而避險對象的貨幣為外匯管制國家貨幣，也就是該國央行規定其匯率只能在預先設定的某一區間裡波動。
- 交叉避險，此種方法藉由賣出基金所曝險的一種貨幣，並買進較多亦可能曝險的另一種貨幣之基金，以達到避險效果，而基金之基準貨幣的匯率曝險保持不變。其前提在於，此兩種貨幣的國家須符合基金參考指標相關國家之貨幣，或符合投資政策國家之貨幣，而此方法是增加貨幣與資產的較佳有效方法。
- 預期性避險，此種方法是決定建立某特定貨幣之部位，其與基金既有的投資組合之某些證券以此貨幣計價是分別獨立的投資決定，其前提在於，預期以後所買進之投資組合證券之貨幣，須符合基金參考指標相關國家之貨幣，或符合投資政策國家之貨幣。

總報酬互換交易

本基金根據其投資政策的授權，可投資於總報酬互換交易，截至目前公開說明書基金不從事總報酬互換交易，然而可從事總報酬互換交易最大部位為不超過 30% 的基金淨資產，其有關個別基金的相關章節將於適用時提供更新。於此情況下，此交易的交易對手將由管理公司或投資經理公司核准和監督。交易對手方在任何時候都不會對本基金投資組合的組成或管理或總報酬互換有處理權。雖然在選擇交易對手方面沒有預先確定的法定狀態或地理標準，但在選擇過程中通常會考慮這些要素。本基金在總報酬互換交易的實際活動會被揭露在本公司的財務報表，其載明從事總報酬互換交易契約的所有基金。

以下類型的資產可以進行總報酬互換交易：股票，貨幣以及/或商品指數(例如，但不限於摩根士丹利平衡不含能源指數、摩根士丹利平衡不含穀物指數、摩根士

丹利平衡不含工業金屬指數、摩根士丹利平衡不含貴金屬指數或摩根士丹利平衡不含軟性商品指數），波動度變異數互換交易以及固定收益商品，最顯著的是非投資等級公司和銀行貸款相關風險。

交易對手違約風險及對投資人報酬的影響在“風險考量”章節中有更完整的敘述。

截至目前公開說明書基金從事總報酬互換交易，基金預期的淨資產總報酬互換交易比例，以使用之衍生性金融商品名日本金總額計算，並規定在本基金“基金資訊、目標及投資政策”章節。假如當基金從事總報酬互換交易，是為了通過相關參考資產的價值變化和接收參考資產產生的任何收入產生額外資本和/或通過對相關參考資產持有空頭部位來降低投資組合內的投資風險。

來自總報酬互換交易所產生的所有收益將返還至相關基金，管理公司除了收取相關基金投資經理費用外，不會額外收取任何費用或成本，請詳閱“投資經理費用”章節。

4. 可轉讓證券與貨幣市場工具的相關使用技術

a) 附買回及附賣回交易和證券借貸交易

(i) 種類及目的

在2010年12月17日法規（集合投資事業相關法規）以及任何目前或未來的相關盧森堡法律或施行細則、指令以及盧森堡主管機關的態度規定的最大許可範圍以及在其所制定的規範內，尤其須遵從的條款為：(i) 2008年2月8日盧森堡大公國法律條例的第十一條條款有關2002年12月20日集合投資事業相關法規的特定定義，以及(ii) 盧森堡金融監督處指令08/356及14/592有關集合投資事業當其使用可轉讓證券及貨幣市場工具的技術與工具時所適用的規定，個別基金得為增加額外的資本或收益，或是為了降低成本或風險的目的，而得(A)參與選擇權及非選擇權的附買回及附賣回交易（得為買方或賣方），以及(B)從事證券借貸交易。

如其情形適用，個別基金有關任何這些交易所收取的擔保品可能抵銷交易對手的淨曝險，假如其符合CSSF不定期發布的適用法令、法規以及函令的規定，特別是流動性、價值、發行者信用品質、相關性、與擔保品管理有關的風險以及可執行性，進一步說明如下。

擔保品的形式和性質主要包括現金和高評等主權固定收益證券，其符合特定的評級標準。證券借貸交易的合格擔保品將是政府（如澳洲、比利時、加拿大、丹麥、法國、德國、荷蘭、挪威、紐西蘭、瑞典、瑞士、美國、英國等）所發行的可轉讓債務義務（統稱為“AA-級主權債券”），具有分別來自標準普爾至少AA-的信用評級以及來自穆迪至少Aa3的信用評級，並且是在相關當地市場以相關國家法定貨幣計價發行（但是不包括其他證券及通膨連結證券的衍生性商品）。本公司有關附買回協定交易所收取的擔保品可能是由美國國庫券或是由美國政府以完全誠信和

信用支持的美國政府機構債券，以及/或核心歐元區評等為AA-或以上之主權或機構債券。對有關總附買回協定的保管承諾可接受的三方擔保品，包括：美國國債（短期票券、中期債券和長期債券）以及下列政府贊助機構：聯邦國民抵押貸款協會（FNMA）、聯邦住房貸款銀行（FHLB）、聯邦住房貸款抵押公司（FHLMC）和聯邦農業信貸系統（FFCB）。

擔保品自參與附買回交易起將有不超過5年的最終期限。

收取或公布的擔保品的證券價值也將等於或大於附買回交易、附賣回交易或證券借貸交易金額的102%。超過100%的額外擔保品提供擔保品價值的短期波動。淨曝險由交易對手每日計算且受限於合約條款，包括最低轉換數額。擔保程度或將取決於市場曝險變動在基金與交易對手之間波動。

所收取的非現金擔保品不得賣出、轉投資或質押。

與個別基金有關的任何交易所收取的現金擔保品，在某種程度上，得在與該基金投資目標一致下進行再投資及其分散風險的要求詳述於附錄B「投資限制」：(a) 依據貨幣市場基金管理規定(MMFR)定義的短期貨幣市場所發行以供集合投資之用的股份或單位。(b) 註冊於會員國之金融機構的存款，若是非會員國之金融機構，則該國的金融監管規範須經由盧森堡金融監督處(CSSF)的認可，認定該國的標準與歐盟的法律相當。(c) 高品質政府公債。(d) 與金融監管健全的金融機構所進行的附賣回交易，且該交易可隨時以本金加上攤銷利息全額要求金融機構賣回。在投資政策中，規範基金對於擔保品的再投資（特別是禁止投資金融衍生性商品或隱含槓桿之其他投資工具），以避免影響全球曝險的計算。

依據前段所訂定的標準，基金得由任何歐盟成員國、其地方政府、有一個或一個以上歐盟的成員國或OECD之任何其他成員國、或新加坡、或任何G20的成員國參加的國際性組織或經濟合作組織成員國所發行或擔保的各種不同可轉讓證券以及貨幣市場工具而被充分擔保，惟該基金最少須持有六項不同之證券，且每項證券持有比例不得多於該基金之淨資產的30%。

(ii) 限制與條件

證券借貸交易

在允許的範圍內，本基金另有投資政策相關規定，基金得利用其資產的50%暫時從事於證券借貸交易。個別基金的證券借貸交易之交易量需維持在適當的水平或是能夠於任何時候要求將借出的證券返還以符合其贖回義務，且這些交易不得違背投資政策的管理致使基金資產受損。在對財務報表、公司公告、信用評等以及其他市場資訊（包括一般市場變動）進行初步分析並隨後進行年度審核後，選擇證券借貸交易對手。雖然在選擇交易對手方面沒有預先確定的法定資格、信用評級或地區的標準，但在選擇過程中通常會考慮這些要素。

當從事證券借貸交易，本基金必須符合以下要求：

(i) 證券借貸交易的借款人須符合CSSF審慎監管規則，其相當於歐盟法律規定。

- (ii) 基金可向交易對手借貸其本身之證券或作為由結算所或初級金融機構的標準化借貸系統機構的一部分，須符合 CSSF 審慎監管規則，其相當於由歐盟法律提供以及專門從事此交易。高盛銀行、摩根大通銀行以及倫敦分行作為代表基金擔任證券借貸機構；
- (iii) 基金僅從事證券借貸交易，在協議下授權於任一時間可要求返還證券借貸或終止協議

截至目前公開說明書，股權證券為證券借貸交易唯一型態的資產。

截至目前公開說明書，當基金預期的淨資產證券借貸交易比例規定在基金“基金資訊、目標及投資政策”章節，除非基金不進行證券借貸交易，在這種情況下，相關基金的特定部分未提及此類交易。

所有相關基金的證券借貸交易的使用將是暫時的，而基金可能會出現上下波動。此類變化可能取決於多種因素，例如但不限於基金的總淨資產、借款人從基礎市場借入股票的需求以及基礎市場的季節性趨勢。在市場對借入標的證券的需求很少或沒有需求的時期，基金淨資產借出證券的比例可能為 0%，而在需求較高的時期，該比例可能接近 50%。

除非某一基金的情況說明書中另有規定，否則任何使用證券借貸交易的基金在本公司的財務報表中都會揭露，所有已簽署的基金將使用這些交易以通過支付的費用產生額外的資本或收入，借款人在整個貸款期間使用本基金的證券。雖然有關子基金的預期證券借貸風險為 5%，但根據相關證券借貸協議的規定，最高風險比率為 50%。為免生疑問，即使證券借貸交易的預期風險可能因基金而異，所有相關基金使用此類交易的目標仍然相同。

從事證券借貸交易的相關風險以及影響投資人報酬於“風險考量”章節詳細敘述。

為避免疑問，符合貨幣市場基金資格的基金將不會參與證券借貸交易。

-附買回交易及附賣回交易

對於附買回交易的任何單一交易對手的曝險部位有下列限制：(1) 若是交易對手為歐盟成員國並有註冊辦公處所或是金融監管法規相當於歐盟國家之金融機構，其限制為資產的 10%，以及(2) 其他情形的限制則為資產的 5%。在對財務報表、公司公告、信用評等以及其他市場資訊（包括一般市場變動）進行初步分析並隨後進行年度審核後，選擇附買回及附賣回交易的交易對手。雖然在選擇交易對手方面沒有預先確定的法定資格、信用評級或地區的標準，但在選擇過程中通常會考慮這些要素。個別基金的附買回和附賣回交易之交易量平需維持在任何時候得以符合對股東的贖回義務。此外，在附買回或附賣回交易的到期日，個別基金須確保有足夠的資產得依經與交易對手議定的金額做結算把證券返還給基金。自附買回或附賣回交易中所產生的收入將計入相關基金中。

以下類型的資產可以進行附買回交易或附賣回交易：主權債券、證券、公司以及政府債券、非代理住宅用抵押貸款證券、商業抵押貸款證券，可能還有其他資產

擔保證券。

截至本公開說明書之日，只有美元短期票券基金可以在本基金概況介紹中規定的限制範圍內使用附買回交易及附賣回交易。在使用附賣回交易時，美元短期票券基金將使用該等交易進行投資現金並收取投資利息收入，該投資受信用質量最高等級的抵押品保護(AA或AAA)，到期不超過5年，至少等於投資的102%。在使用回購協議交易時，美元短期票券基金將使用此類交易以低利率獲得流動性以滿足突然贖回的需要，以避免需要以潛在折扣價出售其他部位。

如果任何其他基金打算在未來使用任何此類交易，其概況介紹和本節將相應修改。

使用附買回交易或附賣回交易的相關風險以及對投資者回報的影響在“風險考量”部分進行了更全面的描述。

證券借貸及/或附買回及/或附賣回交易的成本及收益

來自證券借貸及/或附買回及/或附賣回交易所產生之直接及間接作業成本及費用得由相關基金之收益扣除。這些成本及費用將不包含隱含收益。所有來自此類交易之收益，扣除其直接及間接作業成本，將返還予相關基金。本公司之年度報告將詳列整個報告期間來自證券借貸及/或附買回及/或附賣回交易所產生的收益，連同其所導致的直接及間接作業成本及費用。直接及間接成本及費用可能支付的機構，包括：銀行、投資公司、交易經紀商或其他金融機構或中介機構，以及與管理公司及/或存託銀行有關的機構。

來自附買回及/或附賣回交易所產生的所有收益將返還至相關基金，管理公司除了收取相關基金投資經理費用外，不會額外收取任何費用或成本，請詳閱“投資經理費用”章節。

與本公司或管理公司無關之證券借貸代理商，收取來自證券借貸服務產生之總收益最高不超過10%的費用，其餘的收益由相關借貸基金收取和保留。證券借貸交易產生的任何增量收益將計入相關基金。

證券借出代理商應作為相關借出基金的主要中介人或代理中介人，通過該中介人，將保管機構代表相關基金設立和維護的相關證券帳戶中所持有的證券，在收到抵押品的情況下，貸給選定的借款人。根據適用法律，並由以下至少兩個或兩個以上實體、證券借貸代理商、借款人、管理公司、本公司以及(視情況而定)保管機構簽訂的各種相關證券借貸協議。

(iii) 利益衝突

無利益衝突需指明。相關基金的投資經理公司不會試圖將基金的證券借予其關係企業。

(iv) 擔保品

有關基金可能收到的擔保品倘若符合CSSF特別係依流動性、評價、發行人信用品質、相關性與管理擔保品的風險和可強制執行性各方面設立其標準，並不定期發布適用的法律、法規以及函令，可以用於降低交易對手曝險。尤其擔保品應符

合以下特性：

- (a) 除現金以外的任何擔保品應具有高品質，高流動性，並在受管制市場或多邊貿易具有透明價格進行交易，以便可以以接近預售估值的價格快速出售；
- (b) 應至少每日評價以及呈現高價格波動性的資產不應接受為擔保品，除非有適當保守的抵減率；
- (c) 應由來自交易對手獨立的法人機構發行以及預期不與交易對手的表現呈現高相關性；
- (d) 應考量所收到之擔保品就國家、市場以及基金對任一單一發行公司之最大的曝險為基金總淨資產價值的 20%各方面具備足夠多元性。藉由減損方式，基金可能以不同的可轉債證券及由發行公司或由歐盟成員國擔保、一個或多個當地主管機關、第三方國家或屬於歐盟成員國的一個或多個公開國際性組織之貨幣市場工具充分擔保。此種情況下，基金應收到至少六家不同的發行公司，但來自任一單一發行公司之證券應不能超過該基金淨資產價值之 30%；
- (e) 基金於任一時間無須參考或由交易對手同意可完全執行的能力；
- (f) 收到之擔保品如有所有權轉讓，根據存託協議之保管機構保管義務規定將由保管機構持有。對於擔保品的其他類型安排，擔保品可由第三方保管機構持有，其保管機構經審慎監督以及與擔保品的提供者無相關聯。
- (g) 收到之擔保品應具有投資等級的信用資格。

擔保品於每一評價日透過最新市場價格並採取適用的抵減率政策為基準下，為每一資產類別評估決定適當的抵減率。擔保品將以每日市場計價，依據目前市場曝險以及擔保品餘額，當倘若發生違反某些預定的門檻時，擔保品可能依此追加保證金變動。

為避免疑義，本節規定亦適用於貨幣市場基金，前提是其未抵觸貨幣市場基金管理規定(MMFR)下。

b) 買入/賣出、賣出/回購和保證金借貸交易

截至本公開說明書之日，任何基金均無權進行買入/賣出、賣出/回購或保證金借貸交易。如果任何基金在未來使用任何此類交易，公開說明書將根據 SFT 條例進行修訂。

5. 貨幣市場基金的具體投資限制和投資組合規則

具體投資限制

經由取消上述第 1 至第 3 點，對符合短期可變貨幣市場基金的基金投資，董事會採取了以下限制。這些限制和政策可能會不時由董事會修改，因為他們認為這符合公司的最佳利益，在這種情況下，本公開說明書將會更新。

- l) 每個基金得僅投資以下合格資產：
- A) 符合以下所有要求的貨幣市場工具：

- a) 其屬於以下類別：
- i) 在受監管市場承認或交易，獲准在證券交易所正式上市的貨幣市場工具；和/或
 - ii) 除在受監管市場上交易外的貨幣市場工具，如果此類工具的發行或發行人本身受到監管以保護投資者和儲蓄，並且這些工具是：
 1. 由中央、地區或地方當局或歐盟成員國的中央銀行、歐洲中央銀行、歐盟或歐洲投資銀行、非歐盟成員國或(在聯邦政府情形)聯盟成員之一或一個或多個歐盟成員國所屬的公共國際機構所發行或擔保；或
 2. 上述 a) i) 中提及的受監管市場的企業發行或交易的證券；或
 3. 由根據歐盟法律規定的標準受到審慎監督的機構或由受到 CSSF 採納的審慎規則約束並遵守審慎規則(至少與歐盟法律規定同樣嚴格)的機構發行或擔保；或
 4. 屬於 CSSF 批准類別的其他機構發行，且此類工具投資受到與上述 1 和 3 中規定的投資者保護相當的投資者保護，並且發行人的資本和準備金金額至少 10,000,000 歐元，並根據指令 2013/34 / EU 提交和發布其年度帳目的一個實體，該實體包括一個或多個上市公司的公司集團內，致力於集團的融資或是致力於從銀行流動額度中受益的證券化工具融資的實體。
- b) 其具有以下替代特徵之一
1. 其發行時的法律上到期期限為 397 天或以下；
 2. 其剩餘到期期限為 397 天或以下；
- c) 貨幣市場工具的發行人和貨幣市場工具的質量已根據經理公司建立的內部信用質量評估程序獲得了有利的評估；此要求不適用於歐盟、歐盟成員國的中央機關或中央銀行、歐洲中央銀行、歐洲投資銀行、歐洲穩定機制或歐洲金融穩定機構發行或擔保的貨幣市場工具。
- d) 如果基金投資於證券化或資產基礎商業本票(ABCP)，則需遵守下文 B 中規定的要求。
- B) 1) 符合條件的證券化和資產基礎商業本票(ABCP)規定證券化或資產基礎商業本票(ABCP)具有足夠的流動性，根據管理公司製定的內部信用質量評估程序獲得了有利的評估，並且是以下任何一種：
- a) 委員會授權條例(EU)2015/61 第 13 條提到的證券化¹；
註 1：2014 年 10 月 10 日委員會授權條例(EU)2015/61，補充歐洲議會和理事會關於信用機構流動性涵蓋要求的第 575/2013 號條例(EU)。
 - b) 資產基礎商業本票(ABCP)計劃發布的資產基礎商業本票(ABCP)：
 1. 受到監管信用機構的全力支持，涵蓋所有流動性、信用和重大稀釋風險，以及持續交易成本和與資產基礎商業本票(ABCP)相關的持續計劃範圍成本，如根據資產基礎商業本票(ABCP)有必要保證投資者全額支付任何金額；
 2. 不是重新證券化，每個資產基礎商業本票(ABCP)交易層面的證券化下的風險曝險不包括任何證券化部位；
 3. 不包括法規(EU)No 575/2013 第 242 條第(11)項定義的合成證

券化²；

註2：歐洲議會和理事會2013年6月26日第575/2013號條例(歐盟)關於信用機構和投資公司的審慎要求以及修訂法規(EU)No 648/2012。

- c) 根據歐洲議會和理事會條例(EU)2017/2402第20,21和22條或簡單、透明和標準化(STS)規定的標準和條件確定的簡單、透明和標準化(STS)證券化，或根據該法規第24,25和26條規定的標準和條件確定的資產基礎商業本票(ABCP)。
- 2) 如果符合以下任何條件，基金可以投資於證券化或資產基礎商業本票(ABCP)，如適用：
 - a) 上述1) a), b)和c)中提到的證券化的發行或剩餘期限和資產基礎商業本票(ABCP)的法定期限為兩年或更短，到下一次重置利率日期的剩餘時間為397天或更短；
 - b) 上述1) b)和c)中提到的證券化或資產基礎商業本票(ABCP)的發行或剩餘期限的法定期限為397天或更短；
 - c) 上述1) a)和c)中提到的證券化是攤銷工具，加權平均生命為兩年或更短。
- C) 信用機構存款，前提是符合以下所有條件：
 - a) 存款按要求償還或隨時可以提取；
 - b) 存款在不超過12個月內到期；
 - c) 信用機構在歐盟成員國設有註冊辦事處，或如果信用機構在第三國設有註冊辦事處，則其審慎規則應與歐盟法律歐盟法規第575/2013號第107(4)條規定的審慎規則相同。
- D) 回購協議須符合以下所有條件：
 - a) 其係臨時使用，不超過七個工作日，僅用於流動性管理目的，不用於下文c)點所述以外的投資目的；
 - b) 未經本公司事先同意，交易對手禁止將有關基金轉讓的資產作為回購協議下的抵押品進行出售、投資、質押或以其他方式轉讓；
 - c) 作為回購協議的一部分，相關基金收到的現金可以是：
 - 1. 按照上述C)存放存款；或
 - 2. 投資於上述1)A)所述以外的流動性可轉讓證券或貨幣市場工具，但該等資產符合下列其中一項條件：
 - (i) 其由歐盟成員國、歐洲中央銀行、歐洲投資銀行、歐洲穩定機制或歐洲金融穩定基金的中央機關或中央銀行發行或擔保，條件是根據經理公司制訂的內部信用評級程序取得了有利的評估；
 - (ii) 其由非歐盟成員國的中央機關或中央銀行發行或擔保，前提是已根據經理公司的內部信用評級程序取得了有利的評估。
- 作為回購協議的一部分，相關基金收到的現金不得投資於其他資產、轉讓或以其他方式重複使用。
- d) 作為回購協議的一部分，相關基金收到的現金不超過其資產的10%。
- e) 公司有權在事先通知(不超過兩個工作日)的情況下隨時終止協議。
- E) 反向回購協議須符合以下所有條件：
 - a) 基金有權在事先通知(不超過兩個工作日)的情況下隨時終止協議；
 - b) 作為反向回購協議的一部分，基金收到的資產應：

1. 符合上述 I) A) 中規定要求的貨幣市場工具；
2. 不包括證券化和資產基礎商業本票(ABCP)；
3. 市場價值始終至少等於支付的現金；
4. 不得出售、再投資、質押或以其他方式轉讓；
5. 足夠地分散，最大限度為單一發行人占 15% 的基金資產淨值，除非這些資產採用符合以下 III) a) (viii) 要求的貨幣市場工具的形式；
6. 由獨立於交易對手的實體發行，預計不會與交易對手的表現高度相關。

透過取消上述(1)，基金可以作為反向回購協議的一部分，收到上述 I) A) 中提到的流動性可轉讓證券或貨幣市場工具，前提是這些資產符合下列條件之一：

- (i) 其由歐盟、歐盟成員國的中央機關或中央銀行、歐洲中央銀行、歐洲投資銀行、歐洲穩定機制或歐洲金融穩定機構發行或擔保，前提是已根據經理公司制訂的內部信用質量評估程序取得有利的評估。
- (ii) 其由非歐盟成員國的中央機關或中央銀行發行或擔保，前提是已根據經理公司制訂的內部信用質量評估程序取得有利的評估；

根據上述規定在反向回購協議下收到的資產，應符合 III) a) (viii) 中描述的分散要求。

- c) 本公司應確保能夠在應計基礎上或按市值計價的基礎上，隨時取回全部現金。當按市值計價的任何時間現金可以取回時，相關基金的每股資產淨值應按反向回購協議的市值計價。
- F) 任何其他短期貨幣市場基金（“目標貨幣市場基金”）的單位或股份，前提是符合以下所有條件：
- a) 根據其基金規則或成立文件，目標貨幣市場基金中合計投資於目標貨幣市場基金的單位或股份不超過 10% 的資產；
 - b) 目標貨幣市場基金不持有對其作申購的基金的單位或股份；
 - c) 目標貨幣市場基金是經貨幣市場基金管理規定(MMFR)核准。
- G) 金融衍生工具須可在證券交易所或受監管市場或場外交易中進行交易，且符合以下所有條件：
- (i) 金融衍生工具的基礎標的包括利率、外匯匯率、貨幣或代表前述其中一類的指數；
 - (ii) 該金融衍生工具僅用於基金其他投資的固有利率或匯率風險的避險；
 - (iii) 店頭市場衍生工具交易的交易對手是經且屬於 CSSF 核准的類別的機構；
 - (iv) 店頭市場衍生工具每日須經過可靠及可核實的估值，並可在任何時間以公允價值在本公司的主動下以平倉交易出售或清算。
- II) 基金可能持有輔助的流動資產。
- III) a) (i) 本公司投資於同一機構發行的貨幣市場工具、證券化和資產基礎商業本票(ABCP)將不超基金資產的 5%。
- (ii) 本公司不得將基金的 10% 以上的資產投資於同一信用機構的存

- 款，除非盧森堡銀行業的結構不足以滿足多元化要求，且基金在另一個歐盟成員國存款是在經濟上不可行的，在這種情況下，可將最高 15% 的資產存放在同一信用機構。
- (iii) 透過取消上述 III) a) i) 第一段，基金可將其資產的 10% 投資於同一機構發行的貨幣市場工具、證券化和資產基礎商業本票(ABCP)，前提是相關基金持有的每個發行機構的貨幣市場工具、證券化和資產基礎商業本票(ABCP)的總價值投資的資產，超過其資產的 5%，但不超過其資產價值的 40%。
基金的證券化和資產基礎商業本票(ABCP)風險曝險總額不得超過基金資產的 20%，其中該基金的資產可投資最高 15% 於不符合簡單、透明和標準化(STS)證券化和資產基礎商業本票(ABCP)條件的證券化和資產基礎商業本票(ABCP)。
- (iv) 基金對同一交易對手符合上述 I) G) 所列條件的店頭衍生工具的風險曝險總額不得超過相關基金資產的 5%。
- (v) 本公司代表基金在反向回購協議中對同一對手方提供的現金總額不得超過該基金資產的 15%。
- (vi) 儘管第 III) a) i), ii) 和 iii) 段規定個別限制，但本公司不得為每個基金合併以下任何一項：
- i) 投資於貨幣市場工具、證券化和資產基礎商業本票(ABCP)發行，和/或
 - ii) 使用和/或店頭金融衍生性工具進行的存款，使單一的交易對手風險曝險超過該基金資產的 15%。
- (vii) 在上述 III) a) vi) 規定的 15% 的限額，將增加至最高 20% 為該單一機構的貨幣市場工具、存款和店頭金融衍生性工具，其範圍為在盧森堡金融市場的結構內，將存在不足以滿足分散化要求的可行金融機構，且本公司使用其他歐盟成員國的金融機構在經濟上是不可行的。
- (viii) 儘管有 III) a) i) 中規定的條款，但本公司有權將任一基金最高 100% 資產，根據風險分散原則，投資於由歐盟、歐盟成員國的國家、地區和地方政府或其中央銀行、歐洲中央銀行、歐洲投資銀行、歐洲投資基金、歐洲穩定機制、歐洲金融穩定基金、第三國的中央權力機構或中央銀行、國際貨幣基金組織、國際復興開發銀行、歐洲開發銀行理事會、歐洲復興開發銀行、國際清算銀行或任何其他相關國際金融機構或者一個或多個歐盟成員國所屬的組織單獨發行或擔保的貨幣市場工具中，前提是該基金必須持有的貨幣市場工具發行人必須來自六個不同發行人，且來自同一次發行的貨幣市場工具最多為該基金資產的 30%。
- (ix) 如果某些債券由在歐盟成員國註冊的單一信用機構發行(受到旨在保護債券持有人的特殊公共監督的法律約束)，則 III) a) i) 第 1 段規定的限額可能最高為 10%。特別是，這些債券發行所得的金額於債券有效期內必須依法投資能夠涵蓋債券附帶債權的資產中，如果發行人未遵守，將優先用於償還本金和支付應計利息。

如果基金將超過 5% 的資產投資於上段所述並由單一發行人發行的債券，則該投資的總價值不得超過基金資產價值的 40%。

(x) 儘管 III) a) i) 中規定了個別限制，基金可將不超過 20% 的資產投資於單一信用機構發行的債券，該機構符合被授權法規(EU)2015/61 第 10(1)條(f)項的要求或第 11(1)條(c)項的要求，包括對上述 III) a) ix) 中提到的任何資產的可能投資。

當基金將 5% 以上的資產投資於單一發行人發行的上款所述債券的，其投資總額不得超過相關基金資產價值的 60%，包括可能對上述 III) a) ix) 中提到的資產進行投資，並遵守其中規定的限制。

根據指令 2013/34/EU 或根據公認的國際會計規則，在建立合併帳戶下屬於同一集團的公司被視為單一機構，以用於計算 III) a) 一節中的限制。

- IV) a) 本公司不得代表任何基金購買超過 10% 由單一機構發行的貨幣市場工具、證券化和資產基礎商業本票(ABCP)。
- b) 就由歐盟成員國或其中央銀行、歐洲中央銀行、歐洲投資銀行、歐洲投資基金、歐洲中央銀行、歐洲中央銀行、歐洲投資基金、歐洲中央銀行、歐洲中央銀行、歐洲投資基金、歐洲穩定機制、歐洲金融穩定基金、第三國中央機關或中央銀行、國際貨幣基金組織、國際復興開發銀行、歐洲開發銀行理事會、歐洲復興開發銀行、國際清算銀行或一個或多個歐盟成員國所屬的任何其他相關國際金融機構或組織所發行或擔保的貨幣市場工具而言，上述 a) 段被豁免。
- V) a) 基金可以根據第 I) F) 段的規定獲得目標貨幣市場基金的單位或股份，但原則上基金資產總額中不得超過 10% 投資於目標貨幣市場基金的單位或股份。
特定基金可以允許將其資產的 10% 以上投資於其他目標貨幣市場基金的單位，在這種情況下，其投資政策將明確提及。
- b) 基金可以購買另一個目標貨幣市場基金的單位或股份，前提是其不超過基金資產的 5%。
- c) 任何被允許免除上述第 V) a) 項第一段的基金，不得將其資產的 17.5% 以上的總投資額投資於其他目標貨幣市場基金的單位或股份。
- d) 透過免除上述 b) 和 c)，任何基金可以是連結式貨幣市場基金，根據指令第 58 條將至少 85% 的資產投資於另一個單一目標 UCITS 的貨幣市場基金，或根據指令第 55 條投資高達 20% 在其他非 UCITS 的目標貨幣市場基金，前提為符合以下條件：
a. 相關基金僅透過受國家法律管轄的員工儲蓄計劃進行行銷，並且只有自然人可以作為投資者；
b. 上述員工儲蓄計劃僅允許投資者根據國家法律規定的限制性贖回條款贖回其投資，其中贖回只能在與市場發展無關的某些情況下進行。
- e) 如果目標貨幣市場基金由經理公司或經理公司直接或委託進行管理，即由經理公司或經理公司透過共同管理或控制或透過實質性直接或間接控股，經理公司或該其他公司禁止收取申購或贖回費用。
關於基金投資於前款所述與公司連結的目標貨幣市場基金超過 10% 以上資產的投資，則相關基金的該部分資產之管理費(不包括任何績效

費，如有)收取上限為2%。本公司將在其年報中揭露有關基金及該基金於有關期間投資的目標貨幣市場基金收取管理費總額。

- f) 基金投資的目標貨幣市場基金持有的相關投資不必考慮用於上述 III) a) 中規定的投資限制。
- g) 儘管上述規定，基金可以認購、取得和/或持有由一個或多個有資格作為貨幣市場基金的基金發行或發行的證券，而本公司不受 1915 年 8 月 10 日商業法的商業化要求的約束(依其修訂)，關於公司認購、取得和/或持有自己股份的條件為：
 1. 目標貨幣市場基金不會投資於投資於該目標貨幣市場基金的相關基金；和
 2. 購買的目標貨幣市場基金可投資不超過 10% 的資產於其他貨幣市場基金的單位；和
 3. 目標貨幣市場基金股份附加的投票權(如有)，將被暫停，只要它們由相關基金持有，但不影響帳目和定期報告中的適當處理；和
 4. 無論如何，只要這些證券由基金持有，在確認盧森堡法律的淨資產最低門檻的目的下，基金淨資產的計算將不予考慮這些證券的價值。

VI) 此外，本公司不會：

- a) 投資上述 I) 所述資產以外的資產；
- b) 賣空貨幣市場工具、證券化、ABCP 以及其他貨幣市場基金的單位或股份；
- c) 直接或間接投資於股權或商品，包括透過衍生性工具、代表衍生性工具的憑證、基於衍生性工具的指數或任何其他可能涉及衍生性工具的方式或工具；
- d) 訂立證券出借協議或證券借入協議，或任何其他會限制基金資產的協議；
- e) 借貸和貸與現金。

每個基金必須透過充分的分散化，以確保適當地分散投資風險。

VII) 本公司將另外遵守股份上市的監管機構可能要求的進一步限制。

VIII) 本公司在行使構成其資產一部分的證券所附帶的認購權時，無需遵守此投資限額百分比。

如果超出上述限制中規定的百分比限制，是因為公司無法控制的原因或由於行使認購權，則在可慮股東利益下，必須將出售交易作為對該情況補救的優先目標。

投資組合規則

短期可變動的貨幣市場基金亦應持續遵守以下所有要求：

- a. 其投資組合在任何時候都應具有不超過 60 天的加權平均期限；
- b. 根據貨幣市場基金管理規定(MMFR)的規定，其投資組合在任何時候都應具有不超過 120 天的加權平均生命；
- c. 其至少 7.5% 的資產包括每日到期資產，可透過提前一個工作日通知終止的反向回購協議(如有)，或可透過提前一個工作日通知撤回現金；

- d. 其至少 15%的資產包括每周到期資產，可透過提前五個工作日通知終止的反向回購協議（如有），或可透過提前五個工作日通知撤回現金。為了上一句中提到的計算目的，貨幣市場工具或其他貨幣市場基金的單位或股份可以包括在每周到期資產中，上限為 7.5%，前提是它們能夠在五個工作日內贖回和結算。

如果上述限額的超出的原因係非公司可控制範圍或因行使認購或贖回權而超出，本公司應採取在適當考慮其股東利益下的優先改正目標。

6. 其他當地限制

- a) 如果或只要依據第 65 條，本公司的基金已獲得南非金融業行為管理局核准的外國集體投資計劃，則應遵循以下規定：

- (i) 基金得借貸不超過淨資產價值的 10%的資金，但僅能基於暫時性支應贖回請求或支付行政費用的目的，並應永遠遵循第 2. e)節的規定；
- (ii) “投資於股權證券或股權相關證券的基金，其所投資的 90%以上的股權相關證券應於取得世界交易所組織會員資格的證券交易所投資，或是於經理公司申請已符合註冊機關所定之實質審查(Due Diligence)準則要求的證券交易所投資。”
- (iii) 投資於債權工具或其他合乎條件的工具的基金，其所投資的 90%以上的此類工具須具有標準普爾、慕迪或惠譽公司之「投資等級」的評等。然而就以下基金而言，不得投資於非投資等級的債權工具：
- 生技領航基金、
 - 美國政府基金（本基金之配息來源可能為本金）、
 - 美國機會基金、
 - 科技基金、
 - 新興國家基金、
 - 潛力歐洲基金、
 - 全球基金以及
 - 中小型企業基金。
- (iv) 基金得持有 UCITS 或 UCIS 的股份，只要該 UCITS 或 UCIS 的風險概況並不比基金投資組合中的其他證券高即可；
- (v) 衍生性商品僅得在前述限制範圍以內使用，不得使用槓桿以及/或是保證金交易。衍生性商品不能被用來槓桿基金的投資組合，並且能隨時平倉不得持有未平倉部位；
- (vi) 基金不得投資於組合式基金或母子架構基金；

(vii) 若第 1.f) (i) 節中所述的 10% 限制不適用於特定的基金，則該基金不得投資超過淨資產的 20% 於單一 UCITS 或其他如第 1.a)(v) 所述的 UCI 股份；

(viii) 不得臨時借貸。

(ix) 本基金可使用不超過其投資組合的總市值的 50% 之證券借貸。

如果或只要依據第 65 條，南非金融業行為管理局授權本公司基金作為避險基金的外國集體投資計劃，則上述的限制應不適用。

b) 如果或只要本公司的基金已受台灣金融監督管理委員會證期局（以下稱（證期局））所核准，則應遵循以下規定：

(i) 其衍生性商品所產生之承諾總額，於任何時候不得超出該基金淨資產之 40%（但經證期局核准者除外），而且為了避險目的不得超出該基金淨資產之 100%，以及；

(ii) 基金投資大陸地區證券市場之有價證券包括交易在中國銀行間債券市場(CIBM) 流通的債券，總金額不得超過該基金淨資產價值之 20%，經證期局核准者除外¹⁴。

(iii) 投資台灣證券的基金總額不得超過該基金淨資產之 50% 或台灣主管機構可能決定的其他百分比。

c) 如果或只要本公司的基金經土耳其資本市場管理局所監管，則應遵循以下規定：

(i) 該基金投資組合中至少 80% 應投資於土耳其當地發行者資產但不限於資本市場投資商品以及土耳其公開發行債券工具，以及；

(ii) 該基金不應該投資超過 9% 於任一公司投資權或其資產。

d) 只要本公司之基金申請註冊，於經香港證券及期貨事務監督委員會（以下稱證監會）之核准，其須依循證監會的相關規定，其中：

— 投資中國 A 股及 B 股的總金額超過該基金淨資產的 10%；

— 投資超過該基金淨資產之 10% 於任何單一主權發行人（包括其政府、公共或地方機關）發行以及/或擔保之信評低於投資等級的證券；

— 淨衍生性金融商品曝險；並且

— 任何證券借貸、附買回交易、附賣回交易或是其他相似的店頭市場交易。

e) （略）

f) 若新加坡的中央公積金（Central Provident Fund, CPF）投資下列基金，則由中央公積金局所頒布的投资準則即適用於該等基金，相關準則內容不定期增修：

¹⁴ 自 2023 年 3 月 8 日起，本段內容修訂為：「基金投資大陸地區證券市場之有價證券包括交易在中國銀行間債券市場（CIBM）流通的債券，總金額不得超過基金當時最近淨資產價值之 20%，惟富蘭克林坦伯頓大中華基金除外，該基金的總金額不會超過其最近淨資產價值之 40%，除非台灣主管機關另有其他決定。」

- 1) 生技領航基金
 - 2) 印度基金
 - 3) 美國機會基金
 - 4) 亞洲成長基金
 - 5) 大中華基金
 - 6) 新興國家基金
- g) (略)
- h) 為確保居住在德國的投資人股票型基金的部分免稅資格，下列基金將依德國投資稅法第2章節第8段所定義，將投資資產超過50%於股票證券：
- | | |
|--------------|-----------------------------|
| 1) 生技領航基金 | 22) 大中華基金 |
| 2) 歐洲中小型企業基金 | 23) 東歐基金 |
| 3) (略) | 24) 新興國家基金 |
| 4) (略) | 25) 新興國家小型企業基金 |
| 5) 印度基金 | 26) (略) |
| 6) (略) | 27) 潛力歐洲基金 |
| 7) 日本基金 | 28) 歐洲股票收益基金（本基金之配息來源可能為本金） |
| 8) (略) | 29) 全球平衡基金（本基金之配息來源可能為本金） |
| 9) 互利歐洲基金 | 30) 邊境市場基金 |
| 10) 互利全球領航基金 | 31) 全球氣候變遷基金 |
| 11) 互利美國價值基金 | 32) 全球股票收益基金（本基金之配息來源可能為本金） |
| 12) 天然資源基金 | 33) 全球基金 |
| 13) 科技基金 | 34) 中小型企業基金 |
| 14) (略) | 35) 成長(歐元)基金 |
| 15) 美國機會基金 | 36) 拉丁美洲基金 |
| 16) 吉富世界基金 | |
| 17) (略) | |
| 18) 亞洲成長基金 | |
| 19) 亞洲小型企業基金 | |
| 20) 金磚四國基金 | |
| 21) (略) | |

如果本基金投資於其他投資基金，依德國投資稅法的規定，這些投資基金可被視為股票證券，取決於這些基金在每個評價日公布的權益比率範圍，或者是取決於每檔基金投資政策規定的最低權益比率的範圍。

- i) 為確保居住在德國的投資人平衡型基金以及/或多重資產基金的部分免稅資格，下列基金將依德國投資稅法第2章節第8段所定義，至少資產之25%投資於股票證券：
- 1) (略)
 - 2) (略)
 - 3) (略)
 - 4) 新興市場月收益基金（本基金之配息來源可能為本金）

5) (略)

如果本基金投資於其他投資基金，依德國投資稅法的規定，這些投資基金可被視為股票證券，取決於這些基金在每個評價日公布的權益比率範圍，或者是取決於每檔基金投資政策規定的最低權益比率的範圍。

j) 如果或只要全球平衡基金(本基金之配息來源可能為本金)接受馬來西亞證管會所授權的馬來西亞投資的資金，全球平衡基金(本基金之配息來源可能為本金)，其允許淨資產配置在不超過5%的誤差下，可將其投資淨資產之65%投資於股權和股權連結證券，以及其淨資產之35%投資於固定收益證券和流動性資產。

k) 如果或只要生技領航基金接受投資於馬來西亞證管會授權的馬來西亞連結式基金，生技領航基金將注意並遵守單位信託基金指引的要求，如下所述：

- 1) 目標基金的所有投資僅限於監管當局為國際證券委員會組織(IOSCO)普通成員或准成員的市場或發行國家。
- 2) 店頭衍生品交易對手的信用等級至少應為投資級。如果交易對手的評級低於最低要求，或者交易對手停止評級，投資經理應在6個月或更早的時間內採取必要措施，以確保符合要求。
- 3) 如果生技領航基金投資於通過共同管理或控制與公司關聯的UCITS和/或其他與公司相關的UCI單位，則生技領航基金與其他UCITS和/或其他UCI之間將不存在交叉持有的情況。
- 4) 生技領航基金將僅進行證券借貸(包括出售和回購以及反向回購)活動，以進行有效的投資組合管理。
- 5) 生技領航基金對其他UCITS和/或其他UCI的投資通常會符合上述投資限制。

l) 為確保法國稅法通則150-0D條款可預見部份稅務免除的合適性，由於居住在法國的投資人而實施的2014年法國財政法，下列基金將投資至少75%其淨資產在股權證券。

- 1) 歐洲中小型企業基金
- 2) 美國機會基金
- 3) (略)

m) 只要本公司經新加坡金融管理局(MAS)核准有關基金在當地註冊，投資在非UCITS UCIs不得超過該基金總淨資產的10%。

n) (略)

風險管理

管理公司採用風險管理程序以確保隨時監控及衡量風險部位，且其對各個基金投資組合的整體風險範疇有所貢獻。管理公司以及投資經理公司將為櫃檯買賣市場衍生性金融商品執行準確且獨立的評價。

依投資人的要求，管理公司將提供各基金所採用的風險管理數值限制相關補充資料，

其中包含所選擇的方式以及最近對於主要類型工具的風險與收益之評估。

內部信用質量評估程序

經理公司已根據審慎、系統和持續的建立、實施一貫地應用定制的內部信用質量評估程序，基於審慎、系統和持續的評估方法，有系統地確認基金的信用條件符合貨幣市場基金條例和貨幣市場基金條例授權補充規定對於或貨幣型基金的相關要求。

管理公司已建立有效程序，以確保獲得有關發行人及工具特徵的相關資料並保持最新。

發行人或擔保人的信用風險的確定，係基於對發行人或擔保人償還債務的能力的獨立分析，這是由貨幣市場研究團隊內的信用研究分析師持續進行，他們也可能依賴由經理公司負責的更廣泛的投資級債券研究團隊的信用研究，並應至少每年定期向經理公司報告。投資組合管理不參與此項研究，以確保其獨立性。在適用的情況下，此確定包括以下要素：

- a) 財務狀況和最近財務報表的分析；
- b) 對未來的市場性和發行人或擔保人的特定事件做出反應的能力，包括在極端不利的情況下償還的能力；
- c) 發行人或擔保人在經濟體內的行業實力以及經濟趨勢和競爭地位；
- d) 評估發行人的流動性狀況，考量包括流動資金來源、銀行信貸額度和替代流動資金來源的以及發行人償還短期債務的能力；
- e) 對於與主權相關的發行人，其財政政策的力度(政府收入與支出需求)、貨幣政策(貨幣供應以及利率水平和趨勢)、國際收支(國家資本帳戶的強弱)、經常帳戶和貿易平衡，以及國際儲備的規模及其對貨幣前景的影響；

為了量化發行人或擔保人的信用風險以及發行人或擔保人和工具違約的相對風險，將以下量化標準用於信用質量評估方法：

- a) 與現金流量、收入、支出、獲利能力、短期和長期債信有關的趨勢，包括將業務現金與短期債務和獲利率之與行業平均值進行比較；
- b) 總債務與資本比率和短期債務與資本比率與類似信用相比；
- c) 流動資產與流動負債比率與類似信用相比；
- d) 對於銀行和金融公司的信用，與其他國際銀行和金融公司比較：i)短期債務與長期債務的融資比例，ii)高風險負債的比率相對於股權和準備，及iii)貸款損失準備金佔不良資產的百分比。
- e) 對於經紀商和交易對手的信用，與其他國際經紀商比較：i)短期債務與總資金的比率，ii)短期債務與權益的比率，iii)總資產與權益的比率，及iv)流動資產和信用額度與短期債務的比率；
- f) 對於與主權相關的信貸，與財政政策相關指標比較(預算餘額佔國內生產總值(簡稱“GDP”)的百分比)、貨幣政策(貨幣供應增長及利率水準和趨勢、未償還債務的水準和期限(包括未償債務佔GDP的百分比)、國際收支(經常帳戶和貿易差額

佔 GDP 的百分比)以及國際儲備水平。

經理公司使用的發行人或擔保人的質化評估和工具的具體標準包括：

- a) 工具或證券的資產類別或類型，包括該工具或證券中固有的任何操作或交易對手風險。
- b) 對工具或證券的發行人或擔保人進行信用評估，包括：i)可能影響發行人或擔保人當前和未來信用質量的宏觀經濟因素；ii)資產保護；iii)發行人或擔保人帳戶執行和管理的品質，iv)任何重要所有權部位的影響，v)發行人或擔保人應對意外挑戰的財務靈活程度，利用機會，及評估風險事件的程度和性質，vi)來自外部或內部來源的信用質量突然變化的可能性，包括違約的相關風險，vii)關於政府擔保的證券，該證券是否得到政府機構的充分信任和信譽的擔保或只能通過發行證券的機構或工具的信用，以及是否存在社會政治風險、監管風險、預扣繳稅風險或風險資產或外匯管制國有化，以及viii)關於地方政府證券，其還款來源，發行人人口統計，發行人提高稅收和收入的自主權，發行人對外部收入來源的依賴以及支持經濟的實力和穩定性。
- c) 工具或證券的次級市場的存在和深度，以及直到本金金額可要求收回（即到期日）的剩餘期限。
- d) 外部信用評級：
 - i. 符合貨幣市場基金條例定義的貨幣市場基金將尋求僅持有S&P評級為A-1或更高、Moody評級為P-1或任何其他國際公認的評級機構的類似評級的證券。
 - ii. 如果未給予短期評級，則信用品質必須被視為與經理公司給予的評級相當。
 - iii. 不應機械地過度依賴外部評級。

信用質量評估方法的定性和定量輸入，應具有可靠性，並詳細記錄。信用質量評估方法的最終結果，將係供貨幣市場基金使用的經批准的信用清單（“批准清單”）。當信用因信貸評估不利而從核准清單中刪除時，根據當時的當前市場情況，將在適當時候盡快減少或處置與該信用有關的部位。經理公司至少每年審查信用質量評估方法和批准清單，並在必要時更頻繁地進行審查。如貨幣市場基金條例的含義發生重大變化，可能會對現有的工具評估產生影響或可能對信用質量方法產生影響，則將進行新的信用質量評估，和/或信用質量方法將得到更新。

附錄 C—補充資訊

1. 本公司是依照盧森堡大公國法律所組成的有限責任投資公司之法人組織（société anonyme），並且為合法的投資公司（société d'investissement à capital variable（“SICAV”））。在永續經營前提下，本公司於1990年11月6日在盧森堡組織成立。本公司章程已於1991年1月2日在Mémorial公佈。增修章程亦已於1994年10月25日、1996年11月4日、2000年5月22日、2004年6月16日以及2005年3月25日在Mémorial公佈。本公司已註冊登記於盧森堡商業登記處，註冊號碼為B 35 177。本公司增修章程之影本可於盧森堡商業登記處以及本公司及管理公司註冊營業處所索取檢核。
2. 本公司最低資本額為歐元 1,250,000 或等值之美元。
3. 本公司可能在特別股東會決議解散公司。若本公司資本跌落到最低資本額的三分之二以下，董事會必須向股東會提出本公司解散的議題，股東會沒有法定出席人數之規定並且由出席股東的絕大多數意見做決議。若本公司資本跌落到最低資本額的四分之一以下，董事會必須向股東會提出本公司解散的議題，股東會沒有法定出席人數之規定並且由出席股東四分之一的持股即可做成本公司解散的決議。若本公司被清算，則應按照盧森堡大公國法律規定所指明採行的步驟執行清算，使股東能夠參與清算分配以及存放在 Caisse de Consignation 之股東尚未立即要求清算的金額。依照盧森堡大公國法律規定，股東未在時效期間內向 Caisse de Consignation 提出任何清算金額請求，即喪失權利。由於移轉至 Caisse de Consignation 的任何金額都要依照納稅記錄（taxe de consignation），結果期初金額可能不能償還。
4. 如果基金的淨資產下跌到美金五千萬元或是有關政經情況之變動適合基金進行這類清算考量，董事會可能做清算基金的決定或視其是否來自有關基金股東利益的要求。本公司會在清算日前公告或通知(視何者為適宜)清算決議，載明清算的理由、流程及作業方式。除非董事會在基於股東的利益或是與股東間保持對等關係決議相關的基金股東可能會繼續要求其股份的贖回或是轉換。在基金清算期間結束時，尚無法分配給受益人的資產將在清算結束後代表受益人將資產將存放於 Caisse de Consignation。由於移轉至 Caisse de Consignation 的任何金額都要依照納稅記錄 (taxe de consignation)，結果期初金額可能不能償還。

在所有其他情況下或董事會決定此決定應提交至股東會核准，清算基金可採取在基金股東會進行清算。在這樣的基金會議上，沒有法定人數的要求，且清算的決定會採取簡單多數決的投票。

任一基金的合併應經董事會決議，除非董事會決議將基金合併提交予基金股東會決

議。本次會議無法定人數規定，並採取簡單多數決的投票方式。

因合併一個或多個基金使本公司不再存在的情況下，此合併應當由股東會決定，此沒有法定人數規定且得使用簡單多數的投票方式。此外，須遵循2010年12月17日集體投資事業法規之合併條款及任何施行細則（特別是有關股東的通知）。

董事會在上述第一段第4點之情形，得決議利用分割為兩支或更多支基金的方式來重組任何基金。依盧森堡法律規定的範圍內，這類決議應適時公佈或通知，並且相關重組的基金訊息會涵蓋於公告內。

前述的內容亦適用於任何股份類別之股份分割。

在上述第一款的情形下，董事會在主管機關的核准下(如需要)得決議合併或分割基金之任何股份類別。在盧森堡法律規定的範圍內，這類決議應公佈或通知，並且擬分割或合併之相關訊息應涵蓋於公告/或通知中。董事會得決議將股份類別合併或分額之問題提交予此股份類別的投資人會議決議。此會議無法定人數之限制及可採簡單多數決定投票方式。

5. 就政策面，管理公司的目標為行使可能與其所投資的各種可轉讓證券有關的投票權。因此，管理公司授權代理投票給本公司所持有的投資組合證券的相關基金投資經理公司以及次投資經理公司(可能為富蘭克林坦伯頓的機構或不是)。代理投票紀錄得於本公司及管理公司的註冊辦事處免費索取。

附錄 D—股份淨資產價值的判定

淨資產價值的計算方式

各基金股份類別的每股淨值應以該相關基金或相關股份類別之計價貨幣計算，並應以任何交易日本公司各基金之各股份類別的淨資產計算基金股份淨值，即用本公司各基金的資產價值減除各基金之負債除以流通在外的基金股數，且董事會得決定捨去或進位到小數點後二位數。

計價

本公司的資產應包括下列各項：

- (a) 所有手頭上及存於帳戶的現金，所生之利息亦包含在內；
- (b) 所有帳單，即期票據及應收帳款，(包括已交易，但尚未交割之證券)；
- (c) 所有本基金所擁有或簽約的公債，定期票據、股票、債券、公司債券、承購權、認股權證、選擇權及其他衍生性金融商品、集合投資計劃的單位或股份、或他項投資和證券；
- (d) 所有本基金應收的證券、股息、現金股息和本公司及本公司可知之現金分配(本公司得因應由證券前期股息、權益的交易或其他類似交易所導致的證券市值波動而作調整)；
- (e) 所有屬於本基金的有息證券之利息，但不包括利息已計入本金總額之證券；
- (f) 本公司的初期費用而至今尚未攤銷者；以及
- (g) 各類型的其他資產，包括預付費用在內。

總負債包括下列各項：

- (a) 所有的貸款，帳單及應付帳款；
- (b) 所有已發生的行政費用及應付的行政費用(包括管理公司費用、投資經理及/或顧問費、保管費及公司經紀人費用)；
- (c) 所有已知的負債，即目前及未來會發生的，包括所有現金或資產之應償付之到期的債務，和業經本基金宣佈但尚未支付之股息(指於交易日適逢記錄日之時，應付而未予以支付之股息)；
- (d) 經由本公司不定期決定的準備稅額，此乃依據相關交易日的資本及利得計算以備日後繳稅之需，至於其他準備額，若有的話，則需經由董事會授權及核准，適用於清償費用內；
- (e) 本公司除以上所列之其他各類型的負債，為便於決定上述負債，本公司應將所有的應付費用計算在內，列有設立費用、帳戶費用、應付給管理公司的各種服務績效費用、投資顧問或投資經理所支付的費用，還有保管機構與當地金融服務代理公司、註冊地常在代表以及任何其他本公司所僱用的各代理業，還有法律及查帳費用、保險金、推廣、印刷、報告及發行費用，此類費用包括廣告費以及/或準備和印刷公開說明書所需的支出、KIID、註釋備忘錄或登記聲明、投資研究費用、稅金或政府或監督規費，以及所有的營業支出，其包括有買進賣出資產所需的各項支出，如利息、銀行收費、經紀佣金、郵資、電話、電報、傳真訊息及傳真費用(或其他類似的通訊方式)。本公司及/或行政代理機構(若適用時)得每年或每隔一段時日先行預估管理費用及其他費用，且得依此數據平均推算此期間的分攤額。

在評估資產時，以下規則將適用，除非以下適用於貨幣市場基金的“有關貨幣市場基金每股淨資產價值計算的特定條文”另有規定。

為了避險股份的利益，可能會運用外幣兌換的避險措施。因此，上述避險措施所產生的負債 / 利益應僅屬於避險股份。所以上述的相關成本、負債或利益將僅反映在避險股份的淨資產價值。該相關基金避險股份的貨幣曝險部位不會影響到其他的股份類別。外幣兌換的避險措施不得使用於投機目的。本公司的定期性報告中將揭露本公司如何運用避險措施。

於決定基金淨值時，管理公司及/或行政代理機構將可實現金額的現金與應收帳款來計算，利息則以累計利息來記錄，配息則計算到前一個配息日為止。管理公司及/或行政代理機構通常使用二種獨立的定價服務以輔助確認目前每個證券的市價。當掛牌於證券交易所進行交易的證券市場報價（分別為最新的報價或其當天的收盤價）已可取得時，管理公司及/或行政代理機構依該報價評估其價值；如果沒有成交價，則以最近期的買價與賣價的範圍來定價。於有組織的市場進行交易之證券，將儘可能取其最接近之價值作評估。

管理公司及/或行政代理機構對於基金所持有符合前面附錄B所述投資限制下櫃檯交易證券，以其最近期的買價與賣價的範圍來評估價值。如果所持有的證券同時在櫃檯買賣市場及證券交易所進行交易，管理公司及/或行政代理機構則依董事會決定以所涵蓋範圍最具廣度和代表性之市場報價評估其價值。

一般而言，公司債、政府債券或是貨幣市場工具會於每日紐約證券交易市場收盤前的不同時段完成交易。用來計算基金淨值的上述有價證券的價值即是以上述交易完成時的價值來決定。有時候，介於證券的價值已被確定且紐約證券交易市場收盤前發生影響這些證券價值之事件，此部份將不予以計入基金淨值的計算。此時管理公司及/或行政代理機構將仰賴由第三價格供應商來監控該等事件在這段期間對該證券的實質影響性。如有事件發生，第三價格供應商將提供修正後的證券價值給管理公司及/或行政代理機構。

如證券價值非為證券交易所或有組織的市場進行報價或交易時，及雖為如此報價或交易，卻無法取得報價或是其報價無法呈現公平市場價格時，則應由董事會決定或依其判斷決定。非在受管轄的交易所交易的可轉讓短天期債權證券以及貨幣市場工具通常以攤銷成本基礎來決定價值。

本公司在符合前面附錄B所述投資限制下得投資於交易受限制、尚未上市、交易罕見、顯少交易或相對而言流動性較差的證券，因此可能有某一個或數個前述證券之最新可取得的市價與本公司計算淨值時所用的證券價格之間有差異的情形。管理公司及/或行政代理機構在這些證券與其他資產的市價尚無法取得（例如某些受限制證券、未上市證券、與私募證券）或其價格可能無法信賴（例如某些證券之交易的暫停或中止、某些外國市場對證券價格漲跌幅的限制、或某些證券的交易量極小或無法流通）時，即採用公平價值定價程序來定價。這些證券的評價方法可能包括：基本面分析（例如複合收益）、矩陣定價、相類似證券之市價的折價，或依據證券處置限制的性質及期限所適用之折價。

公平價格機制的應用即是依據（前述）特定評價方法，忠實呈現標的之公平價值。但無法保證在接近管理公司及/或行政代理機構計算每股淨值時就能夠取得當時所出售某證

券之已決定的公平價值。

在外國證券交易所及櫃檯買賣市場(例如歐洲及亞洲)的證券交易通常可能在紐約證交所交易日收盤時間之前就已完成交易。在歐洲或遠東地區,或某幾個特定國家,未必在每個評價日都會交易。此外,在非評價日時,有幾個外國市場可能仍在交易而沒有證券淨值。因此,基金股份淨資產價值的計算並不會與投資組合中證券計價同時發生,若發生足以影響這些外國證券價格的事件,將由管理公司依誠信原則決定或判斷並核准該證券之公平價格。

有關符合貨幣市場基金資格的每股淨資產價值計算的具體規定

透過廢除部分上述規定,在評估資產時,以下評價原則將適用於符合“貨幣市場基金”資格的基金:

- (1) 資產將以市值計價(Mark-to-Market)進行評價,若無法使用以市值計價方法或市場數據素質不佳時,則以模型計價(Mark-to-Model)的方式進行評價。
- (2) 任何手頭上及存放於帳戶的現金及應收帳款、預付費用、現金配息、宣告或應計及未收之利息(如上所述)的價值將被視為該等款項的全部金額,除非無法全額支付或收取,在此情況下,將以模型計價(Mark-to-Model)的方式保守決定其價值。
- (3) 相關貨幣市場基金的股份或單位須按該貨幣市場基金所報價的最新淨資產價值評價。
- (4) 任何非以本基金的基本貨幣計價的資產或債務,將按銀行或其他認可金融機構所報價的相關即期匯率轉換。

擺動定價調整

基金可能因為投資人的申購、贖回、以及/或是自基金的轉入或轉出的價格,沒有反映到投資經理公司為了提供現金淨流入或淨流出所執行該基金投資組合交易所關聯的交易成本,而遭受每股淨資產價值的減少。

為了因應此稀釋衝擊以及保護股東的權益,本公司可能採行擺動定價機制做為其評價政策的一部分。

當基金的資金活動(流入及流出合計)超過預設之門檻值時,基金啟動擺動定價機制,而門檻值依該基金在評價日的淨資產規模之比率評估。當門檻值設定為零時,基金可執行完全擺動定價機制,或當門檻值超過零時採取局部擺動定價機制。

通常,這類調整的特色是當基金有淨流入時將調增每股淨資產價值,而當基金有淨流出時將調降每股淨資產價值。基金個別股份類別的每股淨資產價值是分別獨立計算,但是若有任何調整將以同一百分比來影響基金個別股份類別的每股淨資產價值。擺動定價無法解決每一個別投資人交易的具體情形。

這些調整將尋求反映基金申購和贖回資產的預期價格以及預估交易成本。投資人被告知基金在啟動擺動定價之後,其淨資產價值的波動可能不是反映真實的投資組合表現。

調整影響的程度取決於不同因素,例如交易量,投資的申購或贖回價格以及計算此基金

投資價值的評價方法等。遍及所有本公司的基金皆採行擺動定價機制。價格調整程度將由本公司定期重設以便反映當下交易及其他成本的近似值。這類調整在不同基金間可能有所不同，並且在正常狀況下，將不會超過原始每股淨資產價值的百分之二。通常在大股東交易活動以及若認為有利於股東權益的特殊情形下，董事會可核准增加此限額。

管理公司授權擺動定價監督委員會執行定期的審查及有關擺動定價的營運決策。委員會負責有關擺動定價的決定以及浮動因子的持續核准，這些構成事先決定標準指示的基礎。

價格調整資訊可視需求於管理公司之註冊辦公室取得。

特定股份類別在適用的情況下，管理公司可收取績效費，該費用將依未擺動之淨資產價值收取（即適用擺動定價機制前之資產淨值）。

有關擺動定價之更多資訊可參閱下列網址：

<https://www.franklintempleton.lu/investor/resources/investor-tools/swing-pricing>.

暫停資產淨值計算

- 於下列所述的期間本公司得暫停任何特定基金的股份淨值，發行及贖回，和股票轉換等事項的決策：
 - 於本公司之歸屬於特定基金的大量投資之隨時報價的主要證券交易所或市場關閉或其交易被限制或暫停時；
 - 因國家事件而造成緊急狀況，導致本公司歸屬於特定基金資產無法評價或處分時；
 - 於通常藉以決定任何特定基金的任何投資之價值或價格或任何股市或交易市場的目前價格或價值之通訊設施中斷或有所限制時，
 - 於任何期間，在本公司無法送回資金以便支付到期的股份贖回款時；或是依董事會之見，無法以正常匯率計算投資買賣或股份贖回之資金的轉換時，或是
 - 於任何期間，本公司之任何基金的淨資產價值可能無法準確決定時，或
 - 於任何期間，當董事會認為對投資者繼續買賣任何基金股份存在無用或不公平的情況下，或在未能這樣做可能會導致投資人或基金承擔任何稅務責任、或遭受其他金錢損失、或投資人或基金可能遭受其他損害的情形；
 - 如果本公司或基金正在或可能被清算，或該日期將由董事會決議，或股東大會通知已提案本公司或基金清算；
 - 在合併的情況下，如果董事會認為這是合理的保障股東；
 - 暫停計算一個或幾個投資標的基金的淨資產價值佔基金大部份的投資資產部位的。
- 任何的暫停決議皆應由本公司公告，同時通知在本公司申報不可撤銷之書面申請時要求申購、贖回或轉換的股東。

資產與負債的攤派

董事會應以下列方式為各基金的股份建立資產組合：

- 本基金發行股份的收益應列入本公司為此基金所建立的資產組合帳內，同時資產負債和收入支出亦應列入此資產組合帳內；

- (b) 若有資產自其他資產而來，則此資產應同其所屬之資產項目的資產組合，同樣記入本公司的帳內，至於價值的增減部份亦應入帳相關資產組合之內；
 - (c) 於本公司產生與特定組合的資產有關連的負債時，或是與特定組合所為有關的負債發生時，應將此負債攤派於相關資產組合；然而，不論何種組合的負債，應經由債權人同意，由本公司予以整體具結。
 - (d) 若有本公司的資產或負債無法歸屬任一特定組合之時，則應將之平均攤派於所有組合之內，或是依據其總數作調整並依比例分配到相關組合的資產淨值之內；
 - (e) 於紀錄當日，若有任何人有應得之股息，則不論任何基金股份的資產，皆應扣除該應得股息的金額。
2. 若一支基金有二種或多種不同股份類別，則以上的攤派原則也適用於這些股份類別，並為該股份類別作適當的調整。
 3. 為便於計算資產淨值，前述的評估和攤派，而至贖回的股份，應視同存在而予以入帳，直至交易日收盤之後即刻停止入帳。而且應視作本公司負債，直至付債為止；本公司所有的投資，現金平衡和其他資產，其非以相關基金的計價貨幣，而以其他貨幣代表者，應於決定股份資產淨值當時的市場匯率或交易匯率予以估價，再行入帳；再於合約指定之交易日予以買進或賣出證券，以達到實際的功效。

附錄 E—富蘭克林坦伯頓全球投資系列基金收費及費用

1. 銷售手續費及或有遞延銷售手續費

銷售手續費

股份類別總覽	A股 AX股	C股 F股 G股	N股	S股EB股 W股* Z股*	I股 J股 X股 Y股
投資人種類	個人投資人 & 法人機構 投資人	個人投資人 & 法人機構 投資人	個人投資人 & 法人機構 投資人	個人投資人 & 法人機構 投資人	法人機構 投資人
銷售手續費 — 股票型、 平衡型、 另類型基金 及多重資產 基金	不超過 5.75%	參照以下 或有遞延銷售 手續費列表	不超過 3.00%	無	無
銷售手續費 — 固定收益型 基金	不超過 5.00%	參照以下 或有遞延銷售 手續費列表	不超過 3.00%	無	無
銷售手續費 — 貨幣市場型 基金	不超過 1.50%	參照以下 或有遞延銷售 手續費列表	不超過 3.00%	無	無

*中介機構或銷售機構銷售 W 和 Z 股，得自行收取其適用的銷售費用。惟該費用不得超過總投資金額之 5.75%。

或有遞延銷售手續費

或有遞延銷售手續費金額的計算依其適用之股份採贖回股份的淨資產價值或申購時的淨資產價值孰低乘上所適用或有遞延銷售手續費費率如下表。

在A股及AX股的美金一百萬元或以上的合格投資之或有遞延銷售手續費費率級距表		B股之或有遞延銷售手續費費率級距表		C股之或有遞延銷售手續費費率級距表		F股以及G股之或有遞延銷售手續費費率級距表	
自購買日起持有年份	或有遞延銷售手續費	自購買日起持有年份	或有遞延銷售手續費	自購買日起持有年份	或有遞延銷售手續費	自購買日起持有年份	或有遞延銷售手續費
低於十八個月	不超過1%	低於一年	4%	低於十二個月	1%	低於一年	3%
		等於或多於一年，但低於兩年	3%			等於或多於一年，但低於兩年	2%
		等於或多於兩年，但低於三年	2%			等於或多於兩年，但低於三年	1%
等於或多於十八個月	0%	等於或多於三年，但低於四年	1%	等於或多於十二個月	0%	等於或多於三年	0%
		等於或多於四年	0%			等於或多於三年	0%

2. 年度管理費用(年率)

由於 X 股及 Y 股是在其他股份之外為提供選擇性收費架構而設計，憑藉著投資人是富蘭克林坦伯頓基金集團的客戶，投資人將直接被富蘭克林坦伯頓基金集團收取年度管理費用，相關基金的 X 股及 Y 股無須自淨資產中再支付年度管理費用。

以下為各基金股份所分別適用的年度管理費用列表：

基金名稱	A股, F股	AS股	AX股	B股	C股	G股	N股	Z股	I股, W股	S股	J股, EB股
生技領航基金	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	不超過0.70%	不超過0.70%
歐洲非投資等級債券基金 (原名為：歐洲高收益基金) (本基金之配息來源可能為本金)	1.20%	1.20%	1.30%	1.55%	1.88%	0.90%	1.80%	0.80%	0.60%	不超過0.60%	不超過0.60%
歐洲中小型企業基金	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.25%	1.00%	0.70%	不超過0.70%	不超過0.70%

富蘭克林坦伯頓全球投資系列基金公開說明書
2023年1月版本(中文譯本)

基金名稱	A股, F股	AS股	AX股	B股	C股	G股	N股	Z股	I股, W股	S股	J股, EB股
全球房地產基金(本基金之配息來源可能為本金)	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	不超過 0.70%	不超過 0.70%
波灣富裕債券基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)	1.05%	1.15%	1.25%	1.50%	1.83%	0.85%	1.75%	0.75%	0.55%	不超過 0.55%	不超過 0.55%
公司債基金(本基金主要係投資於非投資等級之高風險債券且基金之配息來源可能為本金)	1.20%	1.20%	1.30%	1.55%	1.88%	0.90%	1.80%	0.80%	0.60%	不超過 0.60%	不超過 0.60%
穩定月收益基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)	1.35%	1.25%	1.35%	1.60%	1.93%	0.95%	1.85%	0.85%	0.60%	不超過 0.60%	不超過 0.60%
印度基金	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	不超過 0.70%	不超過 0.70%
日本基金	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.25%	1.00%	0.70%	不超過 0.70%	不超過 0.70%
多空策略基金	2.55%*	2.45%*	2.55%*	N/A	3.13%*	2.15%*	3.30%*	2.05%*	1.75%*	不超過 1.70%	不超過 1.75%
互利歐洲基金	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	不超過 0.70%	不超過 0.70%
互利全球領航基金	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	不超過 0.70%	不超過 0.70%
互利美國價值基金	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	不超過 0.70%	不超過 0.70%
天然資源基金	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	不超過 0.70%	不超過 0.70%
精選收益基金(本基金有相當比重投資於	1.25%	1.15%	1.25%	1.50%	1.83%	0.85%	1.75%	0.75%	0.55%	不超過 0.55%	不超過 0.55%

富蘭克林坦伯頓全球投資系列基金公開說明書
2023年1月版本(中文譯本)

基金名稱	A股, F股	AS股	AX股	B股	C股	G股	N股	Z股	I股, W股	S股	J股, EB股
非投資等級之高風險債券且基金之配息來源可能為本金)											
科技基金	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	不超過 0.70%	不超過 0.70%
美元短期票券基金	0.40%	0.70%	0.80%	0.40%	1.38%	0.40%	1.30%	0.30%	0.20%	不超過 0.20%	不超過 0.20%
美國政府基金 (本基金之配息來源可能為本金)	0.95%	1.05%	1.15%	1.15%	1.73%	0.75%	1.65%	0.65%	0.40%	不超過 0.40%	不超過 0.40%
美國機會基金	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	不超過 0.60%	不超過 0.70%
吉富世界基金	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.25%	1.00%	0.70%	不超過 0.70%	不超過 0.70%
亞洲債券基金 (本基金之配息來源可能為本金)	1.05%	1.15%	1.25%	1.50%	1.83%	0.85%	1.75%	0.75%	0.55%	不超過 0.55%	不超過 0.55%
亞洲成長基金	1.85%	1.75%	1.85%	2.10%	2.43%	1.45%	2.35%	1.35%	0.90%	不超過 0.90%	不超過 0.90%
亞洲小型企業基金	1.85%	1.75%	1.85%	2.10%	2.43%	1.45%	2.35%	1.35%	0.90%	不超過 0.90%	不超過 0.90%
金磚四國基金	2.10%	2.00%	2.10%	2.35%	2.68%	1.70%	2.60%	1.60%	1.10%	不超過 1.10%	不超過 1.10%
大中華基金	2.10%	2.00%	2.10%	2.35%	2.68%	1.70%	2.60%	1.60%	1.10%	不超過 1.10%	不超過 1.10%
東歐基金	2.10%	2.00%	2.10%	2.35%	2.68%	1.70%	2.60%	1.60%	1.10%	不超過 1.10%	不超過 1.10%
新興國家固定收益基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.00%	1.00%	0.70%	不超過 0.70%	不超過 0.70%
新興市場月收益基金(本基	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.00%	1.00%	0.75%	不超過 0.75%	不超過 0.75%

富蘭克林坦伯頓全球投資系列基金公開說明書
2023年1月版本(中文譯本)

基金名稱	A股, F股	AS股	AX股	B股	C股	G股	N股	Z股	I股, W股	S股	J股, EB股
金之配息來源可能為本金)											
新興國家基金	1.65%	1.55%	1.65%	1.90%	2.23%	1.25%	2.15%	1.15%	1.00%	不超過 1.00%	不超過 1.00%
新興國家小型企業基金	2.10%	2.00%	2.10%	N/A	2.68%	1.70%	2.60%	1.60%	1.10%	不超過 1.10%	不超過 1.10%
潛力歐洲基金	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	不超過 0.70%	不超過 0.70%
歐洲股票收益基金(本基金之配息來源可能為本金)	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.25%	1.00%	0.70%	不超過 0.70%	不超過 0.70%
邊境市場基金	2.10%	2.00%	2.10%	N/A	2.68%	1.70%	2.60%	1.60%	1.10%	不超過 1.10%	不超過 1.10%
全球平衡基金(本基金之配息來源可能為本金)	1.30%	1.20%	1.30%	1.55%	1.88%	0.90%	1.80%	0.80%	0.60%	不超過 0.60%	不超過 0.60%
全球債券基金(本基金之配息來源可能為本金)	1.05%	1.15%	1.25%	1.50%	1.83%	0.85%	1.75%	0.75%	0.55%	不超過 0.55%	不超過 0.55%
全球氣候變遷基金	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.25%	1.00%	0.70%	不超過 0.70%	不超過 0.70%
全球股票收益基金(本基金之配息來源可能為本金)	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	不超過 0.70%	不超過 0.70%
全球基金	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	不超過 0.70%	不超過 0.70%
全球非投資等級債券基金(原名為:全球高收益基金)(本基金之配息來源可能為本金)	1.35%	1.25%	1.35%	N/A	1.93%	0.95%	1.85%	0.85%	0.60%	不超過 0.60%	不超過 0.60%
中小型企業基金	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	不超過 0.70%	不超過 0.70%
全球債券總報酬基金(本基金有相當比重投資於非投資等級之高風險	1.05%	1.15%	1.25%	1.50%	1.83%	0.85%	1.75%	0.75%	0.55%	不超過 0.55%	不超過 0.55%

基金名稱	A股, F股	AS股	AX股	B股	C股	G股	N股	Z股	I股, W股	S股	J股, EB股
債券且基金之配息來源可能為本金)											
成長(歐元)基金	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	不超過 0.70%	不超過 0.70%
拉丁美洲基金	1.90%	1.80%	1.90%	2.15%	2.48%	1.50%	2.40%	1.40%	1.00%	不超過 1.00%	不超過 1.00%

*以下為各基金的 PF 股份所分別適用的年度管理費用列表：

基金名稱	A股 PF	I股 PF, W股 PF	S股 PF	W股 PF
多空策略基金	1.80%	1.20%	不超過1.20%	1.20%

※補充說明：以上【年度管理費用】為合併【投資經理費】與【維護費用】兩項費用，茲將【投資經理費】與【維護費用】表格列示如下，以方便台灣投資人查閱。

以下為各基金股份所分別適用的投資經理費用（年率）列表：

基金名稱	A股, AS股, AX股, B股, C股, F股, G 股, N股, Z股	I股	S股	W股
生技領航基金	1.00%	0.70%	不超過0.70%	0.70%
歐洲非投資等級債券基金（原名為：歐洲高收益基金）（本基金之配息來源可能為本金）	0.80%	0.60%	不超過 0.60%	0.60%
歐洲中小型企業基金	1.00%	0.70%	不超過 0.70%	0.70%
全球房地產基金（本基金之配息來源可能為本金）	1.00%	0.70%	不超過0.70%	0.70%
波灣富裕債券基金（本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金）	0.75%	0.55%	不超過0.55%	0.55%
公司債基金（本基金主要係投資於非投資等級之高風險債券且基金之配息來源可能為本金）	0.80%	0.60%	不超過 0.60%	0.60%
穩定月收益基金（本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金）	0.85%	0.60%	不超過 0.60%	0.60%
印度基金	1.00%	0.70%	不超過 0.70%	0.70%
日本基金	1.00%	0.70%	不超過 0.70%	0.70%
多空策略基金	2.05%**	1.75%**	不超過 1.70%	1.75%**

基金名稱	A股, AS股, AX股, B股, C股, F股, G 股, N股, Z股	I股	S股	W股
互利歐洲基金	1.00%	0.70%	不超過 0.70%	0.70%
互利全球領航基金	1.00%	0.70%	不超過 0.70%	0.70%
互利美國價值基金	1.00%	0.70%	不超過 0.70%	0.70%
天然資源基金	1.00%	0.70%	不超過 0.70%	0.70%
精選收益基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)	0.75%	0.55%	不超過 0.55%	0.55%
科技基金	1.00%	0.70%	不超過 0.70%	0.70%
美元短期票券基金	0.30%	0.20%	不超過 0.20%	0.20%
美國政府基金(本基金之配息來源可能為本金)	0.65%	0.40%	不超過 0.40%	0.40%
美國機會基金	1.00%	0.70%	不超過 0.60%	0.70%
吉富世界基金	1.00%	0.70%	不超過 0.70%	0.70%
亞洲債券基金(本基金之配息來源可能為本金)	0.75%	0.55%	不超過 0.55%	0.55%
亞洲成長基金	1.35%	0.90%	不超過 0.90%	0.90%
亞洲小型企業基金	1.35%	0.90%	不超過 0.90%	0.90%
金磚四國基金	1.60%	1.10%	不超過 1.10%	1.10%
大中華基金	1.60%	1.10%	不超過 1.10%	1.10%
東歐基金	1.60%	1.10%	不超過 1.10%	1.10%
新興國家固定收益基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)	1.00%	0.70%	不超過 0.70%	0.70%
新興市場月收益基金(本基金之配息來源可能為本金)	1.00%	0.75%	不超過 0.75%	0.75%
新興國家基金	1.15%	1.00%	不超過 1.00%	1.00%
新興國家小型企業基金	1.60%	1.10%	不超過 1.10%	1.10%
潛力歐洲基金	1.00%	0.70%	不超過 0.70%	0.70%
歐洲股票收益基金(本基金之配息來源可能為本金)	1.00%	0.70%	不超過 0.70%	0.70%
邊境市場基金	1.60%	1.10%	不超過 1.10%	1.10%
全球平衡基金(本基金之配息來源可能為本金)	0.80%	0.60%	不超過 0.60%	0.60%
全球債券基金(本基金之配息來源可能為本金)	0.75%	0.55%	不超過 0.55%	0.55%
全球氣候變遷基金	1.00%	0.70%	不超過 0.70%	0.70%
全球股票收益基金(本基金之配息來源可能為本金)	1.00%	0.70%	不超過 0.70%	0.70%
全球基金	1.00%	0.70%	不超過 0.70%	0.70%

基金名稱	A股, AS股, AX股, B股, C股, F股, G 股, N股, Z股	I股	S股	W股
全球非投資等級債券基金(原名為:全球高收益基金)(本基金之配息來源可能為本金)	0.85%	0.60%	不超過 0.60%	0.60%
中小型企業基金	1.00%	0.70%	不超過 0.70%	0.70%
全球債券總報酬基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)	0.75%	0.55%	不超過 0.55%	0.55%
成長(歐元)基金	1.00%	0.70%	不超過 0.70%	0.70%
拉丁美洲基金	1.40%	1.00%	不超過 1.00%	1.00%

**以下為各基金的 PF 股份所分別適用的投資經理費用列表：

基金名稱	A股 PF	I股 PF	S股 PF	W股 PF
多空策略基金	1.30%	1.20%	不超過 1.20%	1.20%

以下為各基金的 A 股、AS 股、AX 股、B 股、C 股、F 股、G 股以及 N 股所分別適用的維護費用列表：

基金名稱	A股*** F股***	AS股***	AX股***	B股***	C股***	G股***	N股***
生技領航基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
歐洲非投資等級債券基金(原名為:歐洲高收益基金)(本基金之配息來源可能為本金)	0.40%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
歐洲中小型企業基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
全球房地產基金(本基金之配息來源可能為本金)	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
波灣富裕債券基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)	0.30%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
公司債基金(本基金主要係投資於非投資等級之高風險債券且基金之配息來源可能為本金)	0.40%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
穩定月收益基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
印度基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
日本基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
多空策略基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%

基金名稱	A股*** F股***	AS股***	AX股***	B股***	C股***	G股***	N股***
互利歐洲基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
互利全球領航基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
互利美國價值基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
天然資源基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
精選收益基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
科技基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
美元短期票券基金	0.10%	0.40%	0.50%	0.10%	1.08%	0.10%	1.00%
美國政府基金(本基金之配息來源可能為本金)	0.30%	0.40%	0.50%	0.50%	1.08%	0.10%	1.00%
美國機會基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
吉富世界基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
亞洲債券基金(本基金之配息來源可能為本金)	0.30%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
亞洲成長基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
亞洲小型企業基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
金磚四國基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
大中華基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
東歐基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
新興國家固定收益基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
新興市場月收益基金(本基金之配息來源可能為本金)	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
新興國家基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
新興國家小型企業基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
潛力歐洲基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
歐洲股票收益基金(本基金之配息來源可能為本金)	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
邊境市場基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
全球平衡基金(本基金之配息來源可能為本金)	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
全球債券基金(本基金之配息來源可能為本金)	0.30%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
全球氣候變遷基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
全球股票收益基金(本基金之配息來源可能為本金)	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
全球基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%

基金名稱	A股*** F股***	AS股***	AX股***	B股***	C股***	G股***	N股***
全球非投資等級債券基金（原名為：全球高收益基金）（本基金之配息來源可能為本金）	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
中小型企業基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
全球債券總報酬基金（本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金）	0.30%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%
成長(歐元)基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.25%
拉丁美洲基金	0.50%	0.40%	0.50%	0.75%	1.08%	0.10%	1.00%

***該維護費用年率會扣除適用於該股份類別的平均淨資產價值作為維護費用。

3. 分銷費用

B 股

每年會扣除適用於 B 股的平均淨資產價值的 1.06%（年率）作為分銷費用。

F 股以及 G 股

每年會扣除適用於 F 股以及 G 股的平均淨資產價值的 1.00%（年率）作為分銷費用。

4. 績效費用

以下為各基金的 PF 股份所分別適用的投資經理費用列表：

基金名稱	股份幣別*	績效費用	績效指標*
多空策略基金	歐元	15%	歐元短期利率(ESTR)
	瑞士法郎	15%	瑞士隔夜平均利率(SARON)
	美元	15%	擔保隔夜融資利率(SOFR)
	英鎊	15%	英鎊隔夜拆款平均利率 (SONIA)
	日幣	15%	東京隔夜平均利率(TONAR)

*就避險股份類別而言，為計算績效費用而使用的合適績效指標，應為避險股份類別所避險的貨幣的代表性績效指標。

5. 管理公司及保管費用

管理公司費用：除附錄 E 第 2 項中揭露的年度管理費用外，管理公司將在為公司履行註冊和轉讓公司、及其他行政職能時收取相關類股淨值的 0.20%，也就是每一年期，每個投資者需支付持有的相關類別級別的額外費用（由固定和可變部分組成），以及每年固定支付其部分組織費用，如“管理公司報酬”章節所述。

保管費用：從不同基金資產的資產淨值的 0.01% 到 0.14%，某些基金的保管年費可能更高，詳見“其他公司收費及費用”章節。

附錄 F—基金指標揭露

股東敬請注意這些基金指標¹可能會隨著時間而有異動，並於本基金公開說明書也會相應更新之。目前適用的基金指標列表可在官方網站：www.franklintempleton.lu查詢。

對於使用風險價值法的基金係以相對價值（相對VaR）來計算其全球曝險，故所採用的基金指標係以相對VaR計算為基礎。這些基金為主動式管理，並無義務持有任何基金指標成分股，並得投資高達100%淨資產於基金指標以外標的。

全球房地產基金（本基金之配息來源可能為本金）：

基金指標：富時歐洲/美國不動產協會已開發國家指數 (FTSE EPRA/NAREIT Developed Index)

指標使用和相似之處：本基金為主動式管理。本基金無意追蹤基金指標的表現，但出於比較目的做參考。由於上市房地產業的投資範圍有限，本基金的大部分資產很可能是基金指標的成分股。投資經理公司不受本基金主動式管理的約束，並對非基金指標成分股公司的投資擁有絕對的決定權，然而本基金的績效表現可能會不時與之相似。

多空策略基金：

基金指標：

- 擔保隔夜融資利率 (SOFR) (用在計算績效費用之目的)
- 歐元短期利率 (ESTR) (用於計算績效費用)
- 瑞士隔夜平均利率 (SARON) (用於計算績效費用)
- 英鎊隔夜平均指數 (SONIA) (用於計算績效費用)
- 東京隔夜平均利率 (TONAR) (用於計算績效費用)
- HFRX全球對沖基金指數 (HFRX Global Hedge Fund Index) (用在績效比較之目的)
- ICE美銀美國三個月期美國國庫券指數 (ICE BofA US 3-Month Treasury Bill Index) (用在績效比較之目的)

指標使用和相似之處：本基金為主動式管理。這些基金指標既不用做為構建基金投資組合的約束條件，亦不用設定做為基金績效超越的目標。本基金沒有義務持有任何基金指標成分股，並得甚至投資高達100%淨資產於基金指標以外標的。

亞洲小型企業基金：

基金指標：摩根史坦利亞洲不含日本小型企業指數(MSCI AC Asia ex-Japan Small Cap Index)

指標使用和相似之處：本基金為主動式管理。本基金使用之指標指數所定義的小型股是以首次購買時可接受的市值範圍並且可供投資人比較其所對應之基金業績表現。本基金沒有義務持有任何基金指標成分股，並得甚至投資高達100%淨資產於基金指標以外標的。

¹ 有關本附錄中所揭露之基金指標之更多訊息（例如淨報酬與總報酬的計算方法），請參見公司的 KIID 和行銷文件，網址為：<http://www.franklintempleton.lu>。

新興國家小型企業基金：

基金指標：摩根史坦利新興市場小型企業指數 (MSCI Emerging Markets Small Cap Index)

指標使用和相似之處：本基金為主動式管理。本基金使用之指標指數所定義的小型股是以首次購買時可接受的市值範圍並且可供投資人比較其所對應之基金業績表現。本基金沒有義務持有任何基金指標成分股，並得甚至投資高達100%淨資產於基金指標以外標的。

中小型企業基金：

基金指標：摩根史坦利所有國家世界中小型企業指數 (MSCI All Country World Small Cap Index)

指標使用和相似之處：本基金為主動式管理。本基金使用之指標指數所定義的小型股是以首次購買時可接受的市值範圍並且可供投資人比較其所對應之基金業績表現。本基金沒有義務持有任何基金指標成分股，並得甚至投資高達100%淨資產於基金指標以外標的。

除以上列出的基金指標外，以下揭露的所有基金指標僅供投資人比較其所對應之基金業績表現，並且這些基金指標既不用做為構建基金投資組合的約束條件，亦不用設定做為基金績效超越的目標。所有基金均受到主動式管理：

基金名稱	基金指標
生技領航基金	那斯達克生技指數 NASDAQ Biotechnology Index
歐洲非投資等級債券基金（原名為：歐洲高收益基金）（本基金之配息來源可能為本金）	ICE美銀歐元非投資等級債券限制指數 ICE BofA Euro High Yield Constrained Index
歐洲中小型企業基金	摩根史坦利歐洲中小型股指數 MSCI Europe Small-Mid Cap Index
全球房地產基金（本基金之配息來源可能為本金）	參照上文
波灣富裕債券基金（本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金）	富時波灣債券指數 FTSE MENA Broad Bond GCC Issuers Index
公司債基金（本基金主要係投資於非投資等級之高風險債券且基金之配息來源可能為本金）	ICE美銀美國非投資等級債券限制指數 ICE BofA US High Yield Constrained Index
穩定月收益基金（本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金）	連結綜合50% MSCI 美國高股利指數+25% 彭博非投資等級債指數+ 25%彭博美國綜合債指數 Blended 50% MSCI USA High Dividend Yield Index + 25% Bloomberg High Yield Very Liquid Index + 25% Bloomberg US Aggregate Index
印度基金	摩根史坦利印度指數 MSCI India Index
日本基金	日本東證一部指數 Tokyo Stock Price Index (TOPIX)
多空策略基金	參照上文
互利歐洲基金	摩根史坦利歐洲價值指數 MSCI Europe Value Index
互利全球領航基金	摩根史坦利世界價值指數 MSCI World Value Index

基金名稱	基金指標
互利美國價值基金	羅素1000價值指數 Russell 1000 Value Index
天然資源基金	標準普爾北美天然資源產業指數 S&P North American Natural Resources Sector Index
精選收益基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)	彭博美國綜合指數 Bloomberg US Aggregate Index
科技基金	摩根史坦利世界資訊科技指數 MSCI World Information Technology Index
美元短期票券基金	彭博美國國債1-3月指數 Bloomberg US Treasury 1-3 Month Index
美國政府基金(本基金之配息來源可能為本金)	彭博中介美國政府債券指數 Bloomberg US Government - Intermediate Index
美國機會基金	羅素3000成長指數 The Russell 3000 Growth Index 標準普爾500指數 S&P 500 Index 羅素3000成長指數被視為本基金的主要指標因其所包含的成長型證券與投資經理公司對成長型證券的關注是相匹配的。提供標準普爾500指數的績效表現是因其被視為美國股票市場的代理指標。
吉富世界基金	摩根史坦利世界指數 MSCI World Index
亞洲債券基金(本基金之配息來源可能為本金)	摩根大通全球新興市場亞洲多元化債券指數 JPM GBI-EM Broad Diversified Asia Index
亞洲成長基金	摩根史坦利所有國家亞洲不含日本10/40指數 MSCI All Country Asia ex-Japan 10/40 Index
亞洲小型企業基金	參照上文
金磚四國基金	摩根史坦利金磚四國指數 MSCI BRIC Index
大中華基金	摩根史坦利中國10/40指數 MSCI China 10/40 Index
東歐基金	摩根史坦利新興歐洲指數 MSCI EM Europe Index
新興國家固定收益基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)	摩根大通新興市場債券全球指數 JP Morgan EMBI Global Index
新興市場月收益基金(本基金之配息來源可能為本金)	綜合50% 摩根史坦利新興市場指數+ 50%摩根大通全球新興市場公債分散指數 Blended 50% MSCI Emerging Markets + 50% JP Morgan GBI-EM Global Diversified Index
新興國家基金	摩根史坦利新興市場指數 MSCI Emerging Markets Index
新興國家小型企業基金	參照上文
潛力歐洲基金	摩根史坦利歐盟指數 MSCI EMU Index
歐洲股票收益基金(本基金之配息來源可能為本金)	摩根史坦利歐洲指數 MSCI Europe Index
邊境市場基金	摩根史坦利邊境市場擇選國家上限指數 MSCI Frontier Emerging Markets Select Countries Capped Index
全球平衡基金(本基金之配息來源可能為本金)	客製65%摩根史坦利所有國家世界指數+35%摩根大通

基金名稱	基金指標
	全球政府債券指數 Custom 65% MSCI ACWI + 35% JP Morgan Global Government Bond Index
全球債券基金(本基金之配息來源可能為本金)	摩根大通全球政府債券指數 JP Morgan Global Government Bond Index
全球氣候變遷基金	摩根史坦利所有國家世界指數 MSCI All Country World Index
全球股票收益基金(本基金之配息來源可能為本金)	摩根史坦利所有國家世界指數 MSCI All Country World Index
全球基金	摩根史坦利所有國家世界指數 MSCI All Country World Index
全球非投資等級債券基金(原名為:全球高收益基金)(本基金之配息來源可能為本金)	客製50%摩根大通全球非投資等級債券指數+50%摩根大通全球新興市場債券指數 Custom 50% JP Morgan Global High Yield + 50% JP Morgan EMBI Global Index
中小型企業基金	參照上文
全球債券總報酬基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)	彭博環球多元債券指數 Bloomberg Multiverse Index
成長(歐元)基金	摩根史坦利所有國家世界指數 MSCI All Country World Index
拉丁美洲基金	摩根史坦利新興拉丁美洲指數 MSCI EM Latin America Index

附錄 G

永續投資

意圖投資於對環境或社會目標有所貢獻的經濟活動，前提是該投資不會顯著損害任何環境或社會目標，並且被投資公司遵循良好的治理實踐。

生技領航基金

於法規(EU) 2020/852 第 6 條第 1 款中與法規 (EU) 2019/2088 第 8 條第 1、2 和 2a 款中提及的金融產品之契約前揭露

基金名稱：生技領航基金

全球法人機構識別編碼：5493008KHPRSWVVRJG60

環境及/或社會特徵

此金融產品是否具有永續投資目標？*[勾選或填入以下內容，百分比代表對永續投資的最低承諾比*

例

是 否

本產品與環境目標有關的永續投資最低比重：___%

符合永續經濟活動分類規則的環境永續經濟活動

不符合永續經濟活動分類規則的環境永續經濟活動

本產品與社會目標有關的永續投資最低比重： ___%

本產品提倡環境/社會特徵，但非以其為目標進行永續投資，惟將有最低比重___%之永續投資投資於：

具環境目標，且符合永續經濟活動分類規則下的環境永續經濟活動

具環境目標，不符合永續經濟活動分類規則下的環境永續經濟活動

具社會目標

本產品提倡環境/社會特徵，但不會進行任何永續投資



此金融產品提倡什麼環境及/或社會特徵？

基金提倡的環境和/或社會特徵針對基金所投資的每個公司和行業。這些特徵尤其包括藥物的可負擔性和定價、多樣性和包容性、員工滿意度/幸福感和/或環境影響(例如:減少溫室氣體排放)。投資經理力求透過排除投資經理認為對社會有害的某些發行人和部門以獲得前述這些特徵，同時青睞具有良好環境、社會和治理(ESG)形象的發行人，正如其專有的 ESG 方法所體現的那樣。被排除在外的發行人和行業以及 ESG 評級方法在「此金融產品遵循什麼投資策略？」章節中詳細描述。

本基金未設有為達成提倡的環境或社會特徵之目的而指定之參考指標。

永續性指標

用於衡量金融產品所提倡的環境或社會特徵的實現情況。

● 哪些永續性指標被用來衡量此金融商品所提倡的各種環境或社會特徵的實現情況？

用來評估公司環境及社會特徵提倡的永續性指標如下：

- 按照專有 ESG 方法評定為 AAA、AA、A 和 B 的公司股份。
- 在本附件的投資策略部分，會進一步描述被排除行業、其他排除及有關公司的曝險。

● 此金融產品部分預期達成的永續投資的目標為何？永續投資如何有助於實現該等目標？

不適用。

● 如何讓此金融產品部分預期達成的永續投資不對任何環境或社會永續投資目標造成重大損害？

不適用。

● 指標如何將永續性因素的不利影響列入考量？

不適用。

● 永續投資如何與適用於跨國企業的 OECD 準則和聯合國商業與人權指導原則保持一致？ 細節：

不適用。

歐盟永續經濟活動分類規則訂有「不造成重大損害」原則，藉由該原則符合分類標準的投資不應有重大損害永續經濟活動分類規則之目標及其所伴隨之特定歐盟標準。

「不造成重大損害」原則僅適用於該等考量歐盟環境永續經濟活動之金融產品的投資標的。此金融產品的其餘部位之投資標的則不考量關於歐盟環境永續經濟活動。

任何其他永續投資亦不得有重大損害任何環境或社會目標。

主要不利影響

是指對永續性因素相關的投資決策有顯著的負面影響，如與環境、社會和員工事務、尊重人權、反貪腐和反賄賂事務相關。



此金融產品部分是否考慮永續性因素的主要不利影響？

是

本基金特別考慮以下的主要不利影響(principal adverse impacts (the “PAIs”)):

- 範疇 1 及範疇 2 之溫室氣體排放
- 範疇 1 及範疇 2 和實質性範疇 3 之溫室氣體排放強度
- 董事會性別多元化

特定 PAIs 的考慮與基金的基本投資分析及基金對被投資公司的 ESG 評估緊密相關。投資經理認為，這些 PAIs 適用於最廣範圍的基金投資標的，代表了最大的參與機會。

關於**溫室氣體排放**，投資經理致力於與被投資公司合作，確保他們制定並致力於溫室氣體減排計劃，這些計劃符合預計於 2050 年實現的淨零排放長期目標，符合淨零資產管理人計劃（NZAMI）的承諾。投資經理與被投資公司合作，將它們的淨零排放目標提升到與承諾一致，實現淨零並使淨零排放規模化。而投資經理也明白，在短期內，一些公司在制定轉型計劃時，絕對碳排放量可能會增加，因此，考慮溫室氣體排放強度有助於投資經理監測整體公司的溫室氣體排放量，而隨著時間的推移，朝著與溫室氣體減排的方向發展。

關於**董事會性別多元化**，投資經理致力於與被投資公司合作，以確保他們的董事會代表他們所服務的客戶，因為投資經理認為，這有助於他們更好地了解他們的消費者，創造更好的產品，並最終成為更有效率的公司。最初，投資經理致力於辨識董事會性別不多元化的公司，並已設立期限的方式，制定增加董事會性別多元化的計劃。投資經理認為，隨著時間的推移，提高董事會性別多元化的水準且致力於提升那些董事會性別多元相對於行業同行落後的公司是合理的。

對於上述 PAIs，投資經理最初將投資組合和被投資公司作為基線，並希望透過參與兩方而逐步改進。作為 NZAMI 承諾的一部分，該基金正在與被投資公司合作，制定並遵循基於科學的減排目標，並尋求採用投資組合覆蓋方法，透過增加已實現溫室氣體淨零排放的公司的權重，使公司與淨零目標保持一致。投資組合的目標是到 2040 年時在將這些項目中完全實現。對於董事會性別多元化，該基金最初的承諾是與所有缺乏性別多元化的公司接洽，期望他們至少在 18 個月內制定一項增加董事會性別多元化的計劃。投資經理預計隨著時間的推移提高董事會性別多元性。如果投資經理看不到改善的證據，這些缺乏改進措施的被投資公司最終有可能被撤資。

最後，該基金承諾排除投資生產有**爭議武器**或未能遵守**聯合國全球契約原則**（UNGC 原則）且未來無積極補救措施的公司。

有關基金如何考慮其 PAI 的更多信息，請參閱基金的定期報告。

無

此金融產品遵循什麼投資策略？

投資經理採用具有約束力的專有 ESG 方法來確定被投資公司在相關 ESG 議題上的概況。

投資經理評估可能為基金潛在投資的公司，並根據藥物負擔能力/價格、性別多樣性和包容性、員



投資策略

基於投資目標和風險承受度等因素指引投資決策。

工滿意度以及環境影響/溫室氣體排放等定量和定質因素決定整體 ESG 評級。投資經理根據專有的 ESG 方法將發行人分配為四個等級：AAA (同類最佳/非常好)、AA (良好)、A (一般) 和 B (需要改進)。投資經理的 ESG 方法包括與被投資公司的定期對話、監控重大 ESG 問題和投票代理問題。評級為「B」的公司或因公司不符合投資經理的基本標準而未評級的公司被排除在基金的投資組合外。

本基金還適用特定的 ESG 排除條款，並且根據投資經理的分析不予投資：

- 嚴重違反 UNGC 原則 (無正面展望)。為此，基金不投資於投資經理根據 UNGC 原則評估為失敗的公司；
- 超過 10% 的收入來自武器的生產和/或分銷；
- 參與違禁武器的專用和/或關鍵零件² (即殺傷人員地雷、生化武器和集束彈藥) 的生產、分銷或批發貿易；
- 製造煙草或煙草產品，或那些從此類產品中獲得超過 5% 收入的产品
- 超過 10% 的收入來自動力煤開採或煤炭發電。

此外，本基金不投資於自由之家指數³(Freedom Home Index) 評分不佳的主權發行人。

最後，該基金從其投資組合中排除了在投資經理參與後未能改善上述綜合 PAIs 的公司。在相關 PAIs 有所改善後，公司可以從排除列表中移除。

● 用於選定投資以達成此金融產品所提倡的各種環境或社會特徵的投資策略之約束要素是什麼？

投資策略的約束要素是：

1. 排除本附件投資策略部分所述的某些行業和公司 (見上文)；
2. 排除在專有 ESG 方法下評級為 B 的公司；
3. 承諾排除未能在參與後改進 PAIs 的公司。

● 在適用該投資策略之前，縮小投資範圍所承諾的最低比率為何？

不適用。

● 評估被投資公司良好治理實務的政策為何？

良好的治理實踐
包括健全的管理結構、員工關係、員工薪酬和稅務遵循。

² (a)根據(i)《禁止使用、儲存、生產和轉讓殺傷人員地雷及銷毀此種地雷的公約》和(ii)《禁止集束彈藥公約》和(b)武器分類的武器根據《聯合國生物武器公約》和《聯合國化學武器公約》分別作為B類或C類武器。

³ <https://freedomhouse.org/countries/freedom-world/scores>

良好治理將通過基本面分析進行評估。

為了對公司治理進行評分，投資經理結合使用定量指標（例如薪酬細節、多樣性和包容性指標、爭議指標）和定性評估（董事會獨立性、董事會組成、是否存在雙重股權）。

投資經理進一步納入其他定性因素，如資本配置、研發成功、危機管理、收購歷史以及與投資者的溝通。

某些與治理相關的爭議（例如，對高管薪酬的擔憂或認為董事會缺乏獨立性）可能導致一家公司儘管基本面或其他指標強勁，但按照我們的標準仍不可投資。

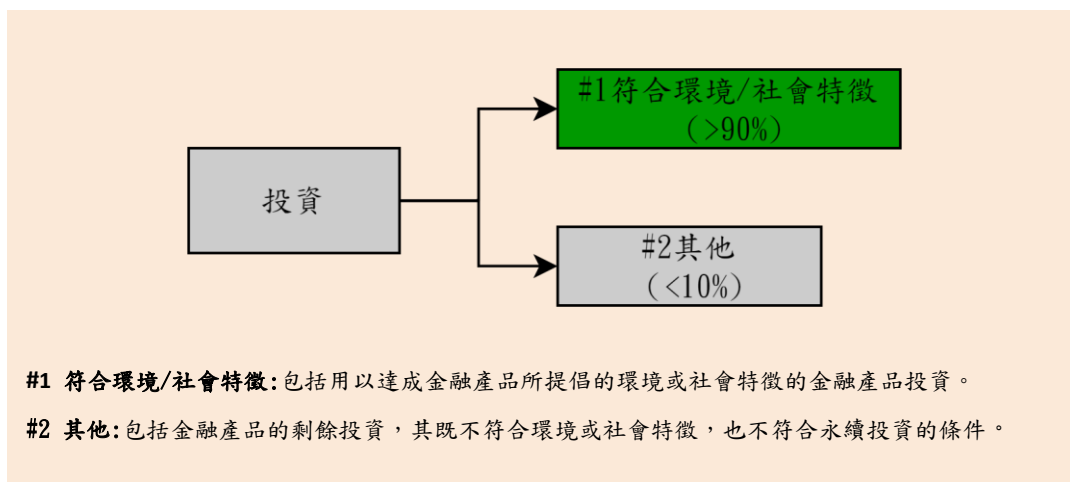


資產配置

描述特定資產的投資占比。

此金融產品有什麼計劃的資產配置？

投資經理採用具有約束力的專有 ESG 方法，該方法適用於至少 90% 的基金投資組合，以確定公司在相關 ESG 問題上的概況。投資組合的其餘部分 (<10%) 主要由流動資產（輔助流動資產、銀行存款、貨幣市場工具和貨幣市場基金）組成，剩餘部分不屬於 ESG 特徵。



#1 符合環境/社會特徵:包括用以達成金融產品所提倡的環境或社會特徵的金融產品投資。

#2 其他:包括金融產品的剩餘投資，其既不符合環境或社會特徵，也不符合永續投資的條件。

- **本金融商品如何使用衍生性商品達成所提倡的環境或社會特徵？**
不適用。



具有環境目標的永續投資符合永續經濟活動分類規則之最低程度為何？

不適用。

與分類規則一致的活動以占比方式表達如下：

- 營業收入

反映被投資公司來自綠色活動的營收占比。

- 資本支出(CapEx)

展現被投資公司所做出之綠色投資，例如：轉型綠色經濟。

- 營運支出(OpEx)

反映被投資公司的綠色營運活動的支出。

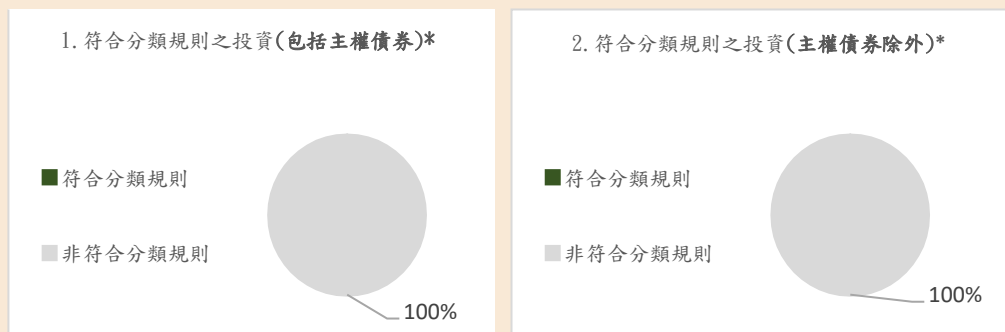
賦能活動

直接使其他活動能夠對環境目標做出重大貢獻。

轉型活動

是指尚無低碳替代品的活動，並且除此之外，其溫室氣體排放水平對應於最佳表現。

下面的兩個圖表以綠色顯示符合永續經濟活動分類規則的最低投資百分比。由於沒有合適的方法來確定主權債券*的分類，第一張圖顯示包括主權債券在內的所有金融產品投資，而第二張圖顯示主權債券除外符合分類規則的金融商品投資。



* 就這些圖表而言，「主權債券」包括所有主權曝險

為具備環境友善目標的永續投資，且不被永續經濟活動分類標準認定為環境永續經濟活動。

● 對轉型和賦能活動的最低投資占比為何？

不適用。



● 與永續經濟活動分類規則不一致的環境目標永續投資的最低占比為何？

不適用。



● 社會永續投資的最低占比為何？

不適用。



● 哪些投資涵蓋於「#2 其他」下？其目的為何？是否有任何最低環境或社會保障？

「#2 其他」投資佔投資組合的10%，可能包括為日常服務而持有的流動資產投資（輔助流動資產、銀行存款、貨幣市場工具和貨幣市場基金），且沒有足夠數據將其視為 ESG 相關投資。由於資產的中性性質，沒有最低限度的保障措施。



● 是否有指定特定指數作為參考基準，以確定此金融產品是否與其提倡的環境及/或社會特徵一致？

否。

參考基準

是衡量金融產品是否達到其所倡導的環境或社會特徵的指標。



在哪裡可以找到更多產品特定信息？

可以在網站上找到更多特定產品的信息：

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/4912/Z/franklin-biotechnology-discovery-fund/LU0109394709#overview>

針對 SFDR 規範第 10 條的特別揭露資訊可在此找到：www.franklintempleton.lu/4912

科技基金

於法規(EU) 2020/852 第 6 條第 1 款中與法規 (EU) 2019/2088 第 8 條第 1、2 和 2a 款中提及的金融產品之契約前揭露

基金名稱：科技基金

全球法人機構識別編碼：549300P9XZCZFA3DI319

永續投資

意圖投資於對環境或社會目標有所貢獻的經濟活動，前提是該投資不會顯著損害任何環境或社會目標，並且被投資公司遵循良好的治理實踐。

歐盟永續經濟活動分類規則

係於法規 (EU) 2020/852 中規定的分類系統，建立了環境永續經濟活動清單。該法規未列出社會永續經濟活動的清單。具有環境目標的永續投資可能與分類標準一致

環境及/或社會特徵

此金融產品是否具有永續投資為目標？*[勾選或填入以下內容，百分比代表對永續投資的最低承諾比例]*

是 否

本產品與環境目標有關的永續投資最低比重：___%

符合永續經濟活動分類規則的環境永續經濟活動

不符合永續經濟活動分類規則的環境永續經濟活動

本產品與社會目標有關的永續投資最低比重：___%

本產品提倡環境/社會特徵，但非以其為目標進行永續投資，惟將有最低比重___%之永續投資投資於：

具環境目標，且符合永續經濟活動分類規則下的環境永續經濟活動

具環境目標，不符合永續經濟活動分類規則下的環境永續經濟活動

具社會目標

本產品提倡環境/社會特徵，但不會進行任何永續投資



此金融產品提倡什麼環境及/或社會特徵？

基金提倡的環境和/或社會特徵針對基金所投資的每個公司和行業。這些特徵尤其包括藥物的可負擔性和定價、多樣性和包容性、員工滿意度/幸福感和/或環境影響（例如：減少溫室氣體排放）。投資經理力求透過排除這些投資經理認為對社會有害的某些發行人和部門，來獲得這些特徵，同時青睞具有良好環境、社會和治理（ESG）形象的發行人，正如其專有的 ESG 方法所體現的那樣。被排除在外的發行人和行業以及 ESG 評級方法在「此金融產品遵循什麼投資策略？」章節中詳細描述。

本基金未設有為達成提倡的環境或社會特徵之目的而指定之參考指標。

永續性指標

用於衡量金融產品所提倡的環境或社會特徵的實現情況。

● 哪些永續性指標被用來衡量此金融商品所提倡的各種環境或社會特徵的實現情況？

用來評估公司環境及社會特徵提倡的永續性指標如下：

- 按照專有 ESG 方法評定為 AAA、AA、A 和 B 的公司股份。
- 在本附件的投資策略部分，會進一步描述被排除行業、其他排除及有關公司的曝險。

● 此金融產品部分預期達成的永續投資的目標為何？永續投資如何有助於實現該等目標？

不適用。

● 如何讓金融產品部分預期達成的永續投資不對任何環境或社會永續投資目標造成重大損害？

不適用。

● 指標如何將永續性因素的不利影響列入考量？

不適用。

● 永續投資如何與適用於跨國企業的 OECD 準則和聯合國商業與人權指導原則保持一致？ 細節：

不適用。

主要不利影響

是指對永續性因素相關的投資決策有顯著的負面影響，如與環境、社會和員工事務、尊重人權、反貪腐和反賄賂事務相關。

歐盟永續經濟活動分類規則訂有「不造成重大損害」原則，藉由該原則符合分類標準的投資不應有重大損害永續經濟活動分類規則之目標及其所伴隨之特定歐盟標準。

「不造成重大損害」原則僅適用於該等考量歐盟環境永續經濟活動之金融產品的投資標的。此金融產品的其餘部位之投資標的則不考量關於歐盟環境永續經濟活動。

任何其他永續投資亦不得有重大損害任何環境或社會目標。



此金融產品部分是否考慮永續性因素的主要不利影響？

是

本基金特別考慮以下的主要不利影響(principal adverse impacts (the “PAIs”)):

- 範疇 1 及範疇 2 之溫室氣體排放
- 範疇 1 及範疇 2 和實質性範疇 3 之溫室氣體排放強度
- 董事會性別多元化

特定 PAIs 的考慮與基金的基本投資分析及基金對被投資公司的 ESG 評估緊密相關。投資經理認為，這些 PAIs 適用於最廣範圍的基金投資標的，代表了最大的參與機會。

關於**溫室氣體排放**，投資經理致力於與被投資公司合作，確保他們制定並致力於溫室氣體減排計劃，這些計劃符合預計於 2050 年實現的淨零排放長期目標，符合淨零資產管理人計劃（NZAMI）的承諾。投資經理與被投資公司合作，將它們的淨零排放目標提升到與承諾一致，實現淨零並使淨零排放規模化。而投資經理也明白，在短期內，一些公司在制定轉型計劃時，絕對碳排放量可能會增加，因此，考慮溫室氣體排放強度有助於投資經理監測整體公司的溫室氣體排放量，而隨著時間的推移，朝著與溫室氣體減排的方向發展。

關於**董事會性別多元化**，投資經理致力於與被投資公司合作，以確保他們的董事會代表他們所服務的客戶，因為投資經理認為，這有助於他們更好地了解他們的消費者，創造更好的產品，並最終成為更有效率的公司。最初，投資經理致力於辨識董事會性別不多元化的公司，並已設立期限的方式，制定增加董事會性別多元性的計劃。投資經理認為，隨著時間的推移，提高董事會性別多元化的水準且致力於提升那些董事會性別多元相對於行業同行落後的公司是合理的。

對於上述 PAIs，投資經理最初將投資組合和被投資公司作為基線，並希望透過參與兩方而逐步改進。作為 NZAMI 承諾的一部分，該基金正在與被投資公司合作，制定並遵循基於科學的減排目標，並尋求採用投資組合覆蓋方法，透過增加已實現溫室氣體淨零排放的公司的權重，使公司與淨零目標保持一致。投資組合的目標是到 2040 年時在將這些項目中完全實現。對於董事會性別多元化，該基金最初的承諾是與所有缺乏性別多元化的公司接洽，期望他們至少在 18 個月內制定一項增加董事會性別多元性的計劃。投資經理打算隨著時間的推移提高董事會性別多元性。如果投資經理看不到改善的證據，這些缺乏改進措施的被投資公司最終有可能被撤資。

最後，該基金承諾排除生產有**爭議武器**或未能遵守**聯合國全球契約原則**（UNGC 原則）且未來無積極補救措施的公司的投資。

有關基金如何考慮其 PAI 的更多信息，請參閱基金的定期報告。

無

本金融產品遵循什麼投資策略？

投資經理採用具有約束力的專有 ESG 方法來確定被投資公司在相關 ESG 議題上的概況。

投資經理評估可能為基金潛在投資的公司，並根據藥物負擔能力/價格、性別多樣性和包容性、員



投資策略

基於投資目標和風險承受度等因素指引投資決策。

工滿意度以及環境影響/溫室氣體排放等定量和定質因素決定整體 ESG 評級。投資經理根據專有的 ESG 方法將發行人分配為四個等級：AAA（同類最佳/非常好）、AA（良好）、A（一般）和 B（需要改進）。投資經理的 ESG 方法包括與被投資公司的定期對話、監控重大 ESG 問題和投票代理問題。評級為「B」的公司或因公司不符合投資經理的基本標準而未評級的公司被排除在基金的投資組合外。

本基金還適用特定的 ESG 排除條款，並且根據投資經理的分析不予投資：

- 嚴重違反 UNGC 原則（無正面展望）。為此，基金不投資於投資經理根據 UNGC 原則評估為失敗的公司；
- 超過 10% 的收入來自武器的生產和/或分銷；
- 參與違禁武器的專用和/或關鍵零件（即殺傷人員地雷、生化武器和集束彈藥）的生產、分銷或批發貿易；
- 製造煙草或煙草產品，或那些從此類產品中獲得超過 5% 收入的产品
- 超過 10% 的收入來自動力煤開採或煤炭發電。

此外，本基金不投資於自由之家指數（Freedom Home Index）評分不佳的主權發行人。

最後，該基金從其投資組合中排除了在投資經理參與後未能改善上述綜合 PAIs 的公司。在相關 PAIs 有所改善後，公司可以從排除列表中移除。

● **用於選定投資以達成此金融產品所提倡的各種環境或社會特徵的投資策略之約束要素是什麼？**

投資策略的約束要素是：

1. 排除本附件投資策略部分所述的某些行業和公司（見上文）；
2. 排除在專有 ESG 方法下評級為 B 的公司；
3. 承諾排除未能在參與後改進 PAIs 的公司。

● **在適用該投資策略之前，縮小投資範圍所承諾的最低比率為何？**

不適用。



良好的治理實踐

包括健全的管理結構、員工關係、員工薪酬和稅務遵循。

評估被投資公司良好治理實務的政策為何？

良好治理將通過基本面分析進行評估。

為了對公司治理進行評分，投資經理結合使用定量指標（例如薪酬細節、多樣性和包容性指標、爭議指標）和定性評估（董事會獨立性、董事會組成、是否存在雙重股權）。

投資經理進一步納入其他定性因素，如資本配置、研發成功、危機管理、收購歷史以及與投資者的溝通。

某些與治理相關的爭議（例如，對高管薪酬的擔憂或認為董事會缺乏獨立性）可能導致一家公司儘管基本面或其他指標強勁，但按照我們的標準仍不可投資。



資產配置

描述特定資產的投資占比。

與分類規則一致的活動以占比方式表達如下：

- 營業收入

反映被投資公司來自綠色活動的營收占比。

- 資本支出(CapEx)

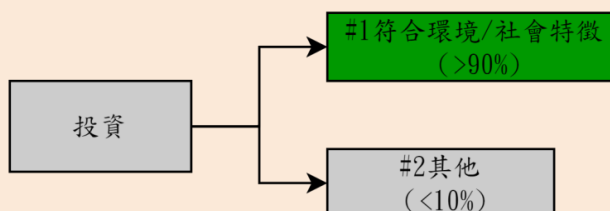
展現被投資公司所做出之綠色投資，例如：轉型綠色經濟。

- 營運支出(OpEx)

反映被投資公司的綠色營運活動的支出。

此金融產品有什麼計劃的資產配置？

投資經理採用具有約束力的專有 ESG 方法，該方法適用於至少 90% 的基金投資組合，以確定公司在相關 ESG 問題上的概況。投資組合的其餘部分 (<10%) 主要由流動資產（輔助流動資產、銀行存款、貨幣市場工具和貨幣市場基金）組成，剩餘部分不屬於 ESG 特徵。



#1 符合 E/S 特徵:包括用以達成金融產品所提倡的環境或社會特徵的金融產品投資。

#2 其他:包括金融產品的剩餘投資，其既不符合環境或社會特徵，也不符合永續投資的條件。

● 本金融商品如何使用衍生性商品達成所提倡的環境或社會特徵？

不適用。

● 具有環境目標的永續投資符合永續經濟活動分類規則之最低程度為何？

不適用。

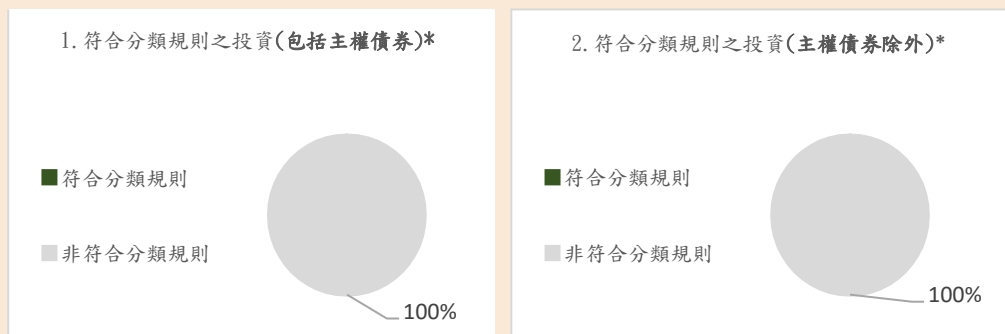
賦能活動

直接使其他活動能夠對環境目標做出重大貢獻。

轉型活動

是指尚無低碳替代品的活動，並且除此之外，其溫室氣體排放水平對應於最佳表現。

下面的兩個圖表以綠色顯示符合永續經濟活動分類規則的最低投資百分比。由於沒有合適的方法來確定主權債券*的分類，第一張圖顯示包括主權債券在內的所有金融產品投資，而第二張圖顯示主權債券除外符合分類規則的金融商品投資。



* 就這些圖表而言，「主權債券」包括所有主權曝險



為具備環境友善目標的永續投資，且不被永續經濟活動分類標準認定為環境永續經濟活動。

● 對轉型和賦能活動的最低投資占比為何？

不適用。



● 與永續經濟活動分類規則不一致的環境目標永續投資的最低占比為何？

不適用。



● 社會永續投資的最低占比為何？

不適用。



● 哪些投資涵蓋於「#2 其他」下？其目的為何？是否有任何最低環境或社會保障？

「#2 其他」投資佔投資組合的10%，可能包括為日常服務而持有的流動資產投資（輔助流動資產、銀行存款、貨幣市場工具和貨幣市場基金），且沒有足夠數據將其視為 ESG 相關投資。由於資產的中性性質，沒有最低限度的保障措施。



是否有指定特定指數作為參考基準，以確定此金融產品符合與其提倡的環境及/或社會特徵一致？

否。

參考基準

是衡量金融產品是否達到其所倡導的環境或社會特徵的指標。



在哪裡可以找到更多產品特定信息？

可以在網站上找到更多特定產品的信息：

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/4916/Z/franklin-technology-fund/LU0109392836#overview>

針對 SFDR 規範下第 10 條的特別揭露資訊可在此找到：www.franklintempleton.lu/4916

歐洲非投資等級債券基金（原名為：歐洲高收益基金）（本基金之配息來源可能為本金）

於法規(EU) 2020/852 第 6 條第 1 款中與法規 (EU) 2019/2088 第 8 條第 1、2 和 2a 款中提及的金融產品之契約前揭露

基金名稱：歐洲非投資等級債券基金（原名為：歐洲高收益基金）（本基金之配息來源可能為本金）

全球法人機構識別編碼：A3OFOMMYV8PYF37HFY49

永續投資

意圖投資於對環境或社會目標有所貢獻的經濟活動，前提是該投資不會顯著損害任何環境或社會目標，並且被投資公司遵循良好的治理實踐。

歐盟永續經濟活動分類規則

係於法規 (EU) 2020/852 中規定的分類系統，建立了環境永續經濟活動清單。該法規未列出社會永續經濟活動的清單。具有環境目標的永續投資可能與分類標準一致

環境及/或社會特徵

此金融產品是否具有永續投資為目標？*[勾選或填入以下內容，百分比代表對永續投資的最低承諾比例]*

是 否

本產品與環境目標有關的永續投資最低比重：___%

- 符合永續經濟活動分類規則的環境永續經濟活動
- 不符合永續經濟活動分類規則的環境永續經濟活動

本產品與社會目標有關的永續投資最低比重：___%

本產品提倡環境/社會特徵，但非以其為目標進行永續投資，惟將有最低比重_6_%之永續投資投資於：

- 具環境目標，且符合永續經濟活動分類規則下的環境永續經濟活動
- 具環境目標，不符合永續經濟活動分類規則下的環境永續經濟活動
- 具社會目標

本產品提倡環境/社會特徵，但不會進行任何永續投資

此金融產品提倡了哪些環境或社會特徵？

基金提倡的環境和/或社會特徵因投資組合的構成而異，特別是包括減少溫室氣體排放、節約能源、保護生物多樣性、負責任的固體和水廢物管理、符合國際商業行為原則和/或董事會性別多元化。投資經理試圖通過以下方式獲得這些特徵：

- 將負面篩選作為其投資流程的一部分，將在下一節進一步詳述，同時承諾在基金層級的環境、社會和治理（ESG）評分高於投資領域的 ESG 評分。

永續性指標

用於衡量金融產品所提倡的環境或社會特徵的實現情況。

該基金的投資範圍由全球的企業和政府相關的發行人組成，這些發行人擁有以歐元、美元和英鎊發行的生息債券。

此外，該基金至少將其投資組合的 5% 分配於有助於實現環境目標的經濟活動，並將其投資組合的至少 1% 分配於有助於實現社會目標的經濟活動。

基金不使用參考基準來調整基金所促進的環境和/或社會特徵。

● 哪些永續性指標被用來衡量此金融商品所提倡的各種環境或社會特徵的實現情況？

用於衡量所促進的環境或社會特徵實現情況的永續性指標是：

- 綠色債券投資的百分比
- 社會債券投資的百分比
- 永續債券的投資百分比
- 最佳發行人（環境冠軍）發行的債券的投資百分比
- 投資組合和投資領域的 ESG 評分
- 與基準 ICE BofA Euro High Yield Constrained 指數相比，暴露於主要不利影響（PAIs）指標
- 投資經理參與的發行人名單

為計算上述永續性指標：

- 環境冠軍是指根據溫室氣體排放強度在同行組別中排名前 20% 的公司發行人。
- 基金及其基準的強制性 PAIs 指標的加權平均值按每季度計算。

雖然基金不承諾基金的 PAIs 平均水平優於其基準平均水平，但這兩個指標之間的差異表明基金在投資環境冠軍和綠色債券發行人方面的成功程度。

● 此金融產品部分預期達成的永續投資的目標為何？永續投資如何有助於實現該等目標？

永續投資的目標之一是資助和促進以下：

- 能源、原材料、水和土地的有效利用
- 可再生能源的生產
- 減少廢物和溫室氣體排放，降低經濟活動對生物多樣性的影響
- 發展循環經濟

- 解決不平等問題並促進社會凝聚力
- 社會融合
- 良好的勞資關係
- 人力資本投資，包括弱勢社區

該基金的永續投資包括至少將其投資組合的 5% 分配給有助於實現環境目標的經濟活動的永續投資。

這是透過投資標有綠色的債券或任何其他證券來實現的，這些證券：

- 收益用於符合條件的環境項目；
- 框架符合國際標準（包括但不限於國際資本市場協會（ICMA）綠色債券原則、未來的歐盟綠色債券標準（EU GBS）
- 發行人在展示良好治理實踐的同時不會顯著損害其他環境和社會目標。

這些債券的募集資金用途明確界定並符合上述目標。

此外，該基金承諾將至少 1% 的投資組合分配給永續社會活動。這是透過投資標記為社會的債券或任何其他證券來實現的，這些證券：

- 收益用於符合條件的社會項目；
- 框架符合國際標準（包括但不限於 ICMA 社會債券原則）
- 發行人在展示良好治理實踐的同時不會有顯著損害其他環境和社會目標。

● **如何讓金融產品部分預期達成的永續投資不對任何環境或社會永續投資目標造成重大損害？**

投資經理使用專有數據工具和定性研究來確保整個投資組合符合「不造成重大損害」（DNSH）原則。

所有發行人都使用 Principle Adverse Impact Risk App (PAI Risk App) 進行監控。PAI Risk App 使用來自各種第三方提供商的數據來識別參與有害經濟活動或爭議的發行人，並將此類發行人排除在投資領域之外。

在將資金用於永續投資時，尤其是當 6% 的基金投資組合承諾於環境和社會目標時，投資經理對發行人和項目進行額外的定性評估（基於內部研究或外部第三方意見）及 DNSH 原則審核。

● **指標如何將永續性因素的不利影響列入考量？**

在評估基金投資是否符合「不造成重大損害」原則時，投資經理考慮了SFDR附件I內之表1的所有強制性PAIs指標監管技術標準(RTS)，投資經理特別關注在預期的投資相關範圍內，投資經理認為代表不利影響的基金和其他數據點。投資經理按每項永續投資執行此分析，因此相關性和PAIs指標的重要性可能因不同投資而異。被視為違反這些指標的發行人將不符合永續投資的條件。

在評估合格的綠色和社會債券時，投資經理審查並記錄PAIs相關項目以及項目的實施如何影響發行人的整體PAIs前景。

例如，在投資以開發可再生能源(例如太陽能/光伏電池板)為目標的綠色債券時，投資經理確保資助項目在與溫室氣體排放相關的PAIs上得分很高。

永續投資如何與適用於跨國企業的OECD準則和聯合國商業與人權指導原則保持一致? 細節:

永續投資符合跨國企業的OECD準則和聯合國商業與人權指導原則。

使用來自MSCI和ISS的數據監控符合情況。這些服務提供商發現的違規行為會在投資遵循系統中標記出來，供投資經理進行後續調查。如果盡職調查證明發行人不符合跨國企業的OECD準則和聯合國商業與人權指導原則，則被視為不可投資。

歐盟永續經濟活動分類規則訂有「不造成重大損害」原則，藉由該原則符合分類標準的投資不應有重大損害永續經濟活動分類規則之目標及其所伴隨之特定歐盟標準。

「不造成重大損害」原則僅適用於該等考量歐盟環境永續經濟活動之金融產品的投資標的。此金融產品的其餘部位之投資標的則不考量關於歐盟環境永續經濟活動。

任何其他永續投資亦不得有重大損害任何環境或社會目標。

此金融產品部分是否考慮永續性因素的主要不利影響?

是

本基金考量的PAI指標是用於以下目的:

- 分辨最佳發行人
- 指導主題參與

分辨最佳發行人

該基金投資於由投資經理視為**環境冠軍**的公司發行的債券。使用專有的ESG排名確定環境冠軍:ESG Credit App使用範疇1和2溫室氣體排放、排放者的歷史軌跡等各種數據，根據溫室氣體排放量和溫室氣體強度對企業發行人進行排名。



主要不利影響

是指對永續性因素相關的投資決策有顯著的負面影響，如與環境、社會和員工事務、尊重人權、反貪腐和反賄賂事務相關。

指導主題參與

投資經理承諾**參與**持股 5% 的投資，這些投資在強制性 PAIs 指標的總體曝險方面被視為表現不佳。

有關基金如何考慮其 PAIs 的更多信息，請參閱基金的定期報告。

無

本金融產品遵循什麼投資策略？

本基金採用專有的 ESG 評級方法，旨在避免投資於低碳經濟轉型上緩慢的發行人。ESG 評級方法適用於本基金投資組合全體的發行人，並對投資組合的構建具有約束力。

本基金結合使用外部和內部數據來確定氣候轉型績效（即發行人應對氣候變化威脅的程度，例如透過結合產品和服務的脫碳，建立低或無碳排放基礎設施，並減少或消除對化石燃料的依賴，包括化石燃料產生的收入），這些數據包括但不限於發行人相對於同行的直接排放軌跡、產品和服務組合的脫碳以及潔淨能源機會評估技術和能源。

除上述內容外，本基金還適用特定的 ESG 排除條款。在整個投資組合中，本基金不得投資於以下發行人：

- 多次嚴重違反聯合國全球契約原則、聯合國商業與人權指導原則和跨國企業 OECD 準則，其原則如：
 - 保護國際人權
 - 沒有共謀侵犯人權
 - 尊重結社自由和集體談判權
 - 消除強迫勞動
 - 廢除童工
 - 消除就業和職業方面的歧視
 - 處理環境問題或應對環境挑戰的預防原則
 - 提高環境意識或責任
 - 開發和傳播或推廣環保技術
 - 致力於和或反對各種形式的腐敗
- 根據主權發行人自由之家指數的「不自由」狀態
- 製造核武器或被定義為殺傷人員地雷、生化武器的有爭議的武器；或製造用於此類武器零件的

投資策略

根據投資目標和風險承受能力等因素指導投資決策。



良好的治理實踐

包括健全的管理結構、員工關係、員工薪酬和稅務遵循。

公司

- 製造常規武器；從此類產品中獲得超過投資經理門檻（5%）的收入
- 製造煙草或煙草製品；或從此類產品中獲得超過門檻（5%）的收入
- 遵守根據定制賭博政策制定的定制賭博公司名單
- 超過 5% 的收入來自動力煤開採；
- 根據 MSCI 獲得 CCC 的 ESG 評級；
- 因社會爭議被標記為紅色。該標記源自社會重要組成中得分最低的子重要組成（客戶、人權與社區以及勞工權利與供應鏈）。

由於上述 ESG 方法和排除，本基金投資組合的加權平均基本 ESG 評分高於投資領域的平均基本 ESG 評分（根據 MSCI 提供的獨立 ESG 排名系統）。投資組合中每個國家/地區的 ESG 評分至少每年審查和更新一次。

如果基金持有的證券屬於上述至少一項排除情況，投資經理將在切實可行的範圍內盡快並最遲在六個月內出售此類證券。

用於選定投資以達成此金融產品所提倡的每個環境或社會特徵的投資策略之約束要素是什麼？

投資策略的約束要素可概括如下：

- 承諾基金層面的 ESG 評分高於投資領域的 ESG 評分
- 承諾參與那些持股超過 5% 且在 PAIs 指標方面被視為表現不佳的公司
- 本附件投資策略部分進一步描述的 ESG 排除條款的應用

在適用該投資策略之前，縮小投資範圍所承諾的最低比率為何？

無承諾的最低比率。

評估被投資公司良好治理實務的政策為何？

對良好治理的評估是在定量和定性兩個層面上實現的。

對於公司發行人的量化評估，使用 PAI Risk App 中的數據來判定不遵循治理實踐的發行人，並被視

為不可投資。

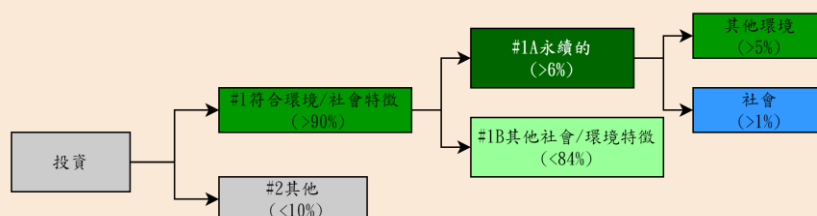
對於公司發行人的定性評估，投資經理考慮治理因素，例如董事會組成(包括但不限於性別、獨立性、技能組合)、治理實踐或股東保護。

未通過 PAI Risk App 初始測試或具有定性評估的治理缺陷的發行人被視為不可投資。



此金融產品有什麼計劃的資產配置？

投資經理採用具有約束力的專有 ESG 方法，該方法適用於至少 90% 的基金投資組合，以確定公司在相關 ESG 問題上的概況。投資組合的其餘部分(<10%)主要由流動資產(輔助流動資產、銀行存款、貨幣市場工具和貨幣市場基金)組成，剩餘部分不屬於 ESG 特徵。



#1 符合 E/S 特徵:包括用於獲得金融產品所促進的環境或社會特徵的金融產品投資。

#2 其他:包括金融產品剩餘的投資，這些投資既不符合環境或社會特徵，也不符合永續投資的條件。

符合 E/S 特徵的類別 #1 包括：

- 子類別#1A 永續的，涵蓋以環境及社會為目標的永續投資
- 子類別#1B 其他 E/S 特徵涵蓋符合環境或社會特徵但不符合永續投資條件的投資。

本金融商品如何使用衍生性商品達成所提倡的環境或社會特徵？

對於基於資產的衍生性商品，投資經理對資產進行所有相關的 ESG 篩選。ESG 篩選取決於資產的性質。如果由於其性質(例如，出於避險目的的貨幣遠期契約)而無法確定標的資產的 ESG 品質，則投資經理透過交易對手的 ESG 證書來評估此商品。如果交易對手是沒有單獨 ESG 報告的子公司，則適用母公司的 ESG 特徵。本基金不與不符合投資經理 ESG 標準的金融機構進行衍生性商品交易。要成為合格的交易對手，金融機構必須至少滿足以下兩個條件：

- MSCI ESG 評級為 BBB 或以上—或者在沒有 MSCI 評級的情況下，高於由替代第三方 ESG 數據提供商判斷的行業平均評級；
- 簽署赤道原則；
- 簽署施行氣候相關財務揭露；
- 致力於制定科學基礎減量目標倡議(SBTi)目標。

資產配置

描述特定資產的投資占比。

與分類規則一致的活動以占比方式表達如下：

- 營業收入

反映被投資公司來自綠色活動的營收占比。

- 資本支出(CapEx)

展現被投資公司所做出之綠色投資，例如：轉型綠色經濟。

- 營運支出(OpEx)

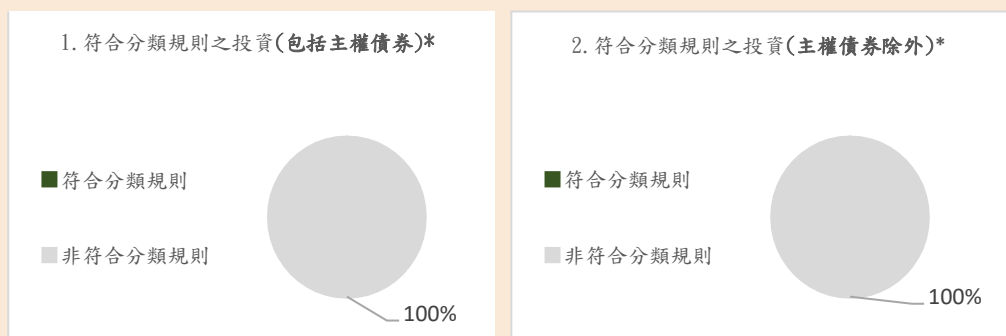
反映被投資公司的綠色營運活動的支出。



具有環境目標的永續投資符合永續經濟活動分類規則之最低程度為何？

不適用。

下面的兩個圖表以綠色顯示符合永續經濟活動分類規則的最低投資百分比。由於沒有合適的方法來確定主權債券*的分類，第一張圖顯示包括主權債券在內的所有金融產品投資，而第二張圖顯示主權債券除外符合分類規則的金融商品投資。



* 就這些圖表而言，「主權債券」包括所有主權曝險

賦能活動

直接使其他活動能夠對環境目標做出重大貢獻。

轉型活動

是指尚無低碳替代品的活動，並且除此之外，其溫室氣體排放水平對應於最佳表現。



為具備環境友善目標的永續投資，且不被永續經濟活動分類標準認定為環境永續經濟活動。

對轉型和賦能活動的最低投資占比為何？

不適用。



與永續經濟活動分類規則不一致的環境目標永續投資的最低占比為何？

本基金承諾在其投資組合中至少擁有 5% 的永續投資，其環境目標與 SFDR 一致。這些投資可以與永續經濟活動分類規則保持一致，但投資經理目前無法指定基金基礎投資的確切比例，其中考慮了永續經濟活動分類規則的標準。然而，隨著規則的最終確定以及數據的可用性隨著時間而增加，該狀態將繼續受到審查。



社會永續投資的最低占比為何？

以社會永續為目的的永續投資最低占比為基金的 1%。



哪些投資涵蓋於「#2 其他」下？其目的為何？是否有任何最低環境或社會保障？

「#2 其他」投資佔投資組合的 10%，可能包括為日常服務而持有的流動資產投資（輔助流動資產、銀行存款、貨幣市場工具和貨幣市場基金），且沒有足夠數據將其視為 ESG 相關投資。由於資產的中性性質，沒有最低限度的保障措施。



參考基準

是衡量金融產品是否達到其所倡導的環境或社會特徵的指標。

是否有指定特定指數作為參考基準，以確定此金融產品是否與其提倡的環境及/或社會特徵一致？

否。



在哪裡可以找到更多產品特定信息？

可以在網站上找到更多特定產品的信息：

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/4914/A/franklin-euro-high-yield-fund/LU0109395268>

針對 SFDR 規範第 10 條的特別揭露資訊可在此找到：www.franklintempleton.lu/4914

多空策略基金

於法規(EU) 2020/852 第 6 條第 1 款中與法規 (EU) 2019/2088 第 8 條第 1、2 和 2a 款中提及的金融產品之契約前揭露

基金名稱：多空策略基金

全球法人機構識別編碼：54930062LATFG8YHK918

環境及/或社會特徵

永續投資

意圖投資於對環境或社會目標有所貢獻的經濟活動，前提是該投資不會顯著損害任何環境或社會目標，並且被投資公司遵循良好的治理實踐。

歐盟永續經濟活動分類規則

係於法規 (EU) 2020/852 中規定的分類系統，建立了環境永續經濟活動清單。該法規未列出社會永續經濟活動的清單。具有環境目標的永續投資可能與分類標準一致



此金融產品是否具有永續投資為目標？*[勾選或填入以下內容，百分比代表對永續投資的最低承諾]*

比例

是 否

本產品與環境目標有關的永續投資最低比重：___%

符合永續經濟活動分類規則的環境永續經濟活動

不符合永續經濟活動分類規則的環境永續經濟活動

本產品與社會目標有關的永續投資最低比重：___%

本產品提倡環境/社會特徵，但非以其為目標進行永續投資，惟將有最低比重___%之永續投資投資於：

具環境目標，且符合永續經濟活動分類規則下的環境永續經濟活動

具環境目標，不符合永續經濟活動分類規則下的環境永續經濟活動

具社會目標

本產品提倡環境/社會特徵，但不會進行任何永續投資

此金融產品提倡什麼環境及/或社會特徵？

本基金透過將加權平均 ESG 評分設定為大於 i) 投資領域的 MSCI ESG 評分中位數，來促進在投資組合層面達到最低環境、社會和治理 (ESG) 標準；或 ii) 基於評級證券投資組合的長期曝險，MSCI ESG 評分為 5.25。以較高者為準。

因此，該基金促進了環境和社會特徵，其中特別包括應對氣候變化的行動改變、減少污染和廢物和人權。投資範圍被定義為當前具有 MSCI ESG 評分的所有發行人。持有未被 MSCI 評分的 ESG 投資，將不會被計算於投資組合整體的 ESG 分數中。

此外，本基金在其投資過程中實施負面篩選，詳見本附件「此金融產品遵循什麼投資策略？」部分。

本基金未設有為達成提倡的環境或社會特徵之目的而指定之參考指標。

永續性指標

用於衡量金融產品所提倡的環境或社會特徵的實現情況。

● 哪些永續性指標被用來衡量此金融商品所提倡的各種環境或社會特徵的實現情況？

用於衡量所促進的環境或社會特徵實現情況的永續性指標是：

- 投資組合的加權平均 MSCI ESG 評分
- 與被排除行業有關聯或有聯繫的被投資公司的股份以及下文進一步描述的額外排除行業。

● 此金融產品部分預期達成的永續投資的目標為何？永續投資如何有助於實現該等目標？

不適用。

● 如何讓金融產品部分預期達成的永續投資不對任何環境或社會永續投資目標造成重大損害？

不適用。

● 指標如何將永續性因素的不利影響列入考量？

不適用。

● 永續投資如何與適用於跨國企業的 OECD 準則和聯合國商業與人權指導原則保持一致？ 細節：

不適用。

主要不利影響

是指對永續性因素相關的投資決策有顯著的負面影響，如與環境、社會和員工事務、尊重人權、反貪腐和反賄賂事務相關。

歐盟永續經濟活動分類規則訂有「不造成重大損害」原則，藉由該原則符合分類標準的投資不應有重大損害永續經濟活動分類規則之目標及其所伴隨之特定歐盟標準。

「不造成重大損害」原則僅適用於該等考量歐盟環境永續經濟活動之金融產品的投資標的。此金融產品的其餘部位之投資標的則不考量關於歐盟環境永續經濟活動。

任何其他永續投資亦不得有重大損害任何環境或社會目標。

此金融產品部分是否考慮永續性因素的主要不利影響？

是

主要不利影響 (PAIs) 已整合到投資經理的專有評分模型 ESG 360 儀表中。該 ESG 模型化工具採用 MSCI ESG 的評分，並生成投資組合評分。



以下 PAIs 主要考慮與基金有關：

- 溫室氣體排放
- 溫室氣體強度
- 接觸活躍於化石燃料行業的公司
- 違反聯合國全球契約原則（UNGC 原則）和經濟合作與發展組織（OECD）跨國企業準則
- 接觸有爭議的武器

如果沒有關於溫室氣體排放量、溫室氣體強度和化石燃料行業曝險的數據，就基金的多頭部位而言，投資經理與被投資公司各自的經理接洽，以鼓勵他們透過發行人的報告加強資訊的揭露。

該基金承諾在投資組合中，對違反 UNGC 的股票和公司評等且未來沒有正面展望的公司，長期曝險不超過 1%。此外，基金考慮是否違反 UNGC 原則和 OECD 跨國企業準則，以作為被投資公司良好治理評估的一部分的評估。投資經理檢視長期持股以確定無未符合 UNGC 原則或 OECD 跨國企業準則的證券。投資經理與投資聯席經理參與了解其投資建議被標記為違反 UNGC 原則和 OECD 跨國企業準則的證券，並對其基礎的公司治理進行評估。如果確定該證券確實治理不善，該證券將被加入基金的限制名單內。

本基金將有爭議武器的曝險限制在 0%。

無

此金融產品遵循什麼投資策略？

在投資聯席經理層面，投資經理應用專有的 ESG 評級方法，對指定的投資聯席經理進行 ESG 評估，包括審查投資聯席經理的投資整合和與投資業績相關的環境或社會因素，以及對投資聯合經理的潛在發展領域和未來舉措的評估。

基於這種定性評估，投資經理就合規性、投資整合和動能對投資聯席經理進行評級。投資聯席經理的 ESG 評估在季度會議和年度運營盡職調查訪問中受到監督。此外，投資經理在公司層面審查投資聯席經理的 ESG 隸屬關係（例如：聯合國責任投資原則簽署國）以及內部 ESG 能力。

投資經理認為，高於平均水平的 MSCI 評分是一個合適的目標，因為它設定了一個最低門檻，但不會排除其核心投資主題側重於 ESG 改善或參與的經理。

本基金還承諾在投資組合中做以下檢視：

- 0% 接觸有爭議的武器；
- 對於不符合 UNGC 原則的證券，長期曝險不到 1%；
- 對於 MSCI CCC 級的證券，長期曝險低於 5%；



投資策略

根據投資目標和風險承受能力等因素指導投資決策。

良好的治理實踐

包括健全的管理結構、員工關係、員工薪酬和稅務遵循。

- 對煙草生產或分銷產生超過 5% 收入的公司的長期曝險為 0%
- 對超過 30% 的收入來自煤炭生產或分銷的公司的長期曝險為 0%

用於選定投資以達成此金融產品所提倡的每個環境或社會特徵的投資策略之約束要素是什麼？

投資策略的約束要素可概括如下：

1. 對投資組合中積極持有並被 MSCI 涵蓋的所有長期持有的評級證券進行加權平均，基於加權平均 MSCI ESG 評級，承諾整體 ESG 評分達到至少 5.25。如果基金的得分低於 5.25，投資經理將重新平衡投資組合，以在 90 天內達到 5.25 或更高的基金得分。
2. 承諾排除上述特定部門和公司。

在適用該投資策略之前，縮小投資範圍所承諾的最低比率為何？

不適用。

評估被投資公司良好治理實務的政策為何？

為確保投資組合中的持股實行良好治理，投資經理檢視長期持股以識別未符合 UNGC 原則和/或 OECD 跨國企業準則，且被 MSCI 標記為有爭議的證券。這些持股出現在 360 報告中，該報告每月製作一次，並在每季度與相關投資聯席經理的深入會議期間分享。當證券被標記為潛在治理不善時，投資經理會與投資聯席經理合作，以了解證券的投資主張和對標的公司治理的評估。如果確定該證券確實治理不善，該證券將被添加到基金的限制名單中，並在 90 天內撤資。

此金融產品對資產配置有什麼計劃？

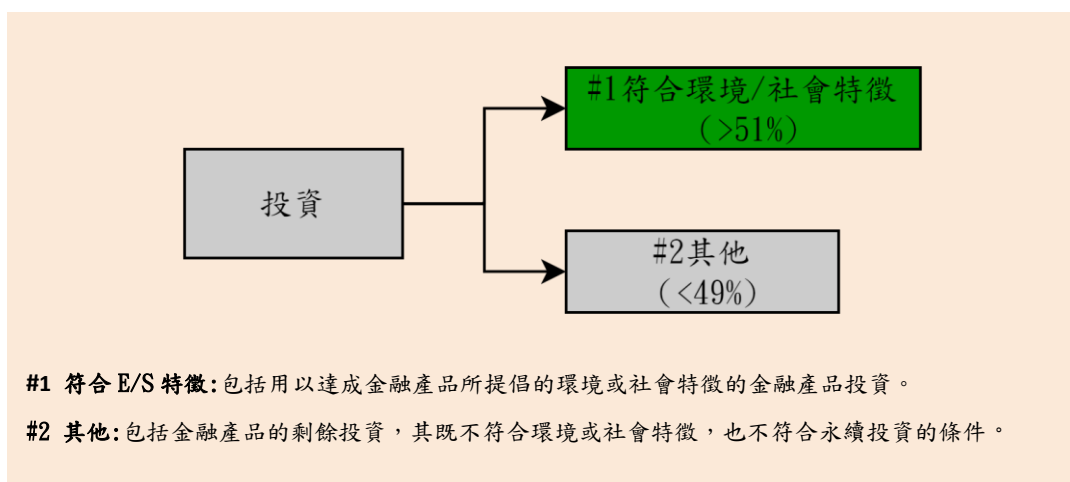
投資經理採用具有約束力的專有 ESG 方法，該方法適用於至少 51% 的基金投資組合，以確定公司在相關 ESG 問題上的概況。至少 51% 的基金投資組合符合基金提倡的環境和/或社會特徵，其餘部分 (<49%)，由流動性資產（附屬流動資產、銀行存款、貨幣市場工具和貨幣市場基金）、外匯和外匯衍生品、利率互換和 UCITs 合格商品所組成，與提倡的特徵不一致。

資產配置

描述特定資產的投資占比。

與分類規則一致的活動以占比方式表達如下：

- 營業收入
反映被投資公司來自綠色活動的營收占比。
- 資本支出(CapEx)
展現被投資公司所做出之綠色投資，例如：轉型綠色經濟。
- 營運支出(OpEx)
反映被投資公司的綠色營運活動的支出。



● **本金融商品如何使用衍生性商品達成所提倡的環境或社會特徵？**

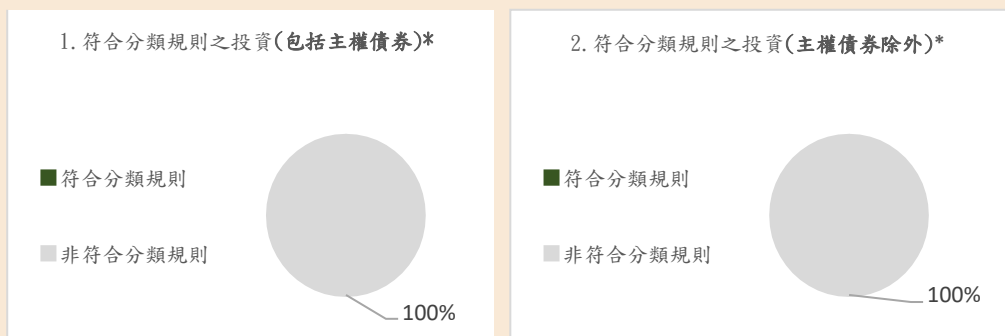
本基金利用衍生品進行避險、有效的投資組合管理和投資目的。若衍生性商品的標的物被 MSCI ESG 所覆蓋，則此投資將持續受到 ESG 評估流程所覆蓋，並持續審查且影響基金的 ESG 評分。



● **具有環境目標的永續投資符合永續經濟活動分類規則之最低程度為何？**

不適用。

下面的兩個圖表以綠色顯示符合永續經濟活動分類規則的最低投資百分比。由於沒有合適的方法來確定主權債券*的分類，第一張圖顯示包括主權債券在內的所有金融產品投資，而第二張圖顯示主權債券除外符合分類規則的金融商品投資。



* 就這些圖表而言，「主權債券」包括所有主權曝險

賦能活動

直接使其他活動能夠對環境目標做出重大貢獻。

轉型活動

是指尚無低碳替代品的活動，並且除此之外，其溫室氣體排放水平對應於最佳表現。



● **對轉型和賦能活動的最低投資占比為何？**

不適用。



● **與永續經濟活動分類規則不一致的環境目標永續投資的最低占比為何？**

不適用。

為具備環境友善目標的永續投資，且不被永續經濟活動分類標準認定為環境永續經濟活動。



社會永續投資的最低占比為何？

不適用。



哪些投資涵蓋於「#2 其他」下？其目的為何？是否有任何最低環境或社會保障？

「#2 其他」投資最多占基金投資組合的 49%，可能包括在 MSCI ESG 評級方法中被視為不合格資產的資產類型和證券。這包括流動資產（輔助流動資產、銀行存款、貨幣市場工具和貨幣市場基金）、外匯和外匯衍生品、利率掉期和 UCITs 合格商品。此外，本基金投資的資產符合 MSCI ESG 評級方法的要求，但計算基金 ESG 總分時並未涵蓋這些資產。這些資產包括結構性信貸和空頭衍生品頭寸。最後，沒有製定任何環境和/或社會保障措施。



是否有指定特定指數作為參考基準，以確定此金融產品是否與其提倡的環境及/或社會特徵一致？

否。

參考基準

是衡量金融產品是否達到其所倡導的環境或社會特徵的指標。



在哪裡可以找到更多產品特定信息？

可以在網站上找到更多特定產品的信息：

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/18896/1D/franklin-k-2-alternative-strategies-fund/LU1093756168>

針對 SFDR 規範第 10 條的特別揭露資訊可在此找到：www.franklintempleton.lu/18896

美國機會基金

於法規(EU) 2020/852 第 6 條第 1 款中與法規 (EU) 2019/2088 第 8 條第 1、2 和 2a 款中提及的金融產品之契約前揭露

基金名稱： 美國機會基金

全球法人機構識別編碼： YWFJZZO29TGGRF43SH58

環境及/或社會特徵

永續投資

意圖投資於對環境或社會目標有所貢獻的經濟活動，前提是該投資不會顯著損害任何環境或社會目標，並且被投資公司遵循良好的治理實踐。

歐盟永續經濟活動分類規則

係於法規 (EU) 2020/852 中規定的分類系統，建立了環境永續經濟活動清單。該法規未列出社會永續經濟活動的清單。具有環境目標的永續投資可能與分類標準一致

此金融產品是否具有永續投資為目標？*[勾選或填入以下內容，百分比代表對永續投資的最低承諾比例]*

比例

是 否

本產品與環境目標有關的永續投資最低比重：___%

符合永續經濟活動分類規則的環境永續經濟活動

不符合永續經濟活動分類規則的環境永續經濟活動

本產品與社會目標有關的永續投資最低比重： ___%

本產品提倡環境/社會特徵，但非以其為目標進行永續投資，惟將有最低比重___%之永續投資投資於：

具環境目標，且符合永續經濟活動分類規則下的環境永續經濟活動

具環境目標，不符合永續經濟活動分類規則下的環境永續經濟活動

具社會目標

本產品提倡環境/社會特徵，但不會進行任何永續投資



此金融產品提倡什麼環境及/或社會特徵？

基金提倡的環境和/或社會特徵針對基金所投資的每個公司和行業。這些特徵尤其包括支持人力資本、多樣性和包容性、員工滿意度、幸福感和/或環境影響（例如：碳排放、水資源使用、電子垃圾）。投資經理力求透過排除這些投資經理認為對社會有害的某些發行人和部門，來獲得這些特徵，同時青睞具有良好環境、社會和治理（ESG）形象的發行人，正如其專有的 ESG 方法所體現的那樣。被排除在外的發行人和行業以及 ESG 評級方法在「此金融產品遵循什麼投資策略？」章節中詳細描述。

本基金未設有為達成提倡的環境或社會特徵之目的而指定之參考指標。

永續性指標

用於衡量金融產品所提倡的環境或社會特徵的實現情況。

● 哪些永續性指標被用來衡量此金融商品所提倡的各種環境或社會特徵的實現情況？

用來評估公司環境及社會特徵提倡的永續性指標如下：

- 按照專有 ESG 方法評定為 AAA、AA、A 和 B 的公司股份。
- 在本附件的投資策略部分，會進一步描述被排除行業、其他排除及有關公司的曝險。

● 此金融產品部分預期達成的永續投資的目標為何？永續投資如何有助於實現該等目標？

不適用。

● 如何讓金融產品部分預期達成的永續投資不對任何環境或社會永續投資目標造成重大損害？

不適用。

● 指標如何將永續性因素的不利影響列入考量？

不適用。

● 永續投資如何與適用於跨國企業的 OECD 準則和聯合國商業與人權指導原則保持一致？ 細節：

不適用。

主要不利影響

是指對永續性因素相關的投資決策有顯著的負面影響，如與環境、社會和員工事務、尊重人權、反貪腐和反賄賂事務相關。

歐盟永續經濟活動分類規則訂有「不造成重大損害」原則，藉由該原則符合分類標準的投資不應有重大損害永續經濟活動分類規則之目標及其所伴隨之特定歐盟標準。

「不造成重大損害」原則僅適用於該等考量歐盟環境永續經濟活動之金融產品的投資標的。此金融產品的其餘部位之投資標的則不考量關於歐盟環境永續經濟活動。

任何其他永續投資亦不得有重大損害任何環境或社會目標。

此金融產品部分是否考慮永續性因素的主要不利影響？

是

本基金特別考慮以下的主要不利影響(principal adverse impacts (the “PAIs”)):



- 範疇1及範疇2之溫室氣體排放
- 範疇1及範疇2和實質性範疇3之溫室氣體排放強度
- 董事會性別多元化

特定 PAIs 的考慮與基金的基本投資分析及基金對被投資公司的 ESG 評估緊密相關。投資經理認為，這些 PAIs 適用於最廣範圍的基金投資標的，代表了最大的參與機會。

關於**溫室氣體排放**，投資經理致力於與被投資公司合作，確保他們制定並致力於溫室氣體減排計劃，這些計劃符合預計於 2050 年實現的淨零排放長期目標，符合淨零資產管理人計劃（NZAMI）的承諾。投資經理與被投資公司合作，將它們的淨零排放目標提升到與承諾一致，實現淨零並使淨零排放規模化。而投資經理也明白，在短期內，一些公司在制定轉型計劃時，絕對碳排放量可能會增加，因此，考慮溫室氣體排放強度有助於投資經理監測整體公司的溫室氣體排放量，而隨著時間的推移，朝著與溫室氣體減排的方向發展。

關於**董事會性別多元化**，投資經理致力於與被投資公司合作，以確保他們的董事會代表他們所服務的客戶，因為投資經理認為，這有助於他們更好地了解他們的消費者，創造更好的產品，並最終成為更有效率的公司。最初，投資經理致力於辨識董事會性別不多元化的公司，並已設立期限的方式，制定增加董事會性別多元性的計劃。投資經理認為，隨著時間的推移，提高董事會性別多元化的水準且致力於提升那些董事會性別多元相對於行業同行落後的公司是合理的。

對於上述 PAIs，投資經理最初將投資組合和被投資公司作為基線，並希望透過參與兩方而逐步改進。作為 NZAMI 承諾的一部分，該基金正在與被投資公司合作，制定並遵循基於科學的減排目標，並尋求採用投資組合覆蓋方法，透過增加已實現溫室氣體淨零排放的公司的權重，使公司與淨零目標保持一致。投資組合的目標是到 2040 年時在將這些項目中完全實現。對於董事會性別多元化，該基金最初的承諾是與所有缺乏性別多元化的公司接洽，期望他們至少在 18 個月內制定一項增加董事會性別多元性的計劃。投資經理打算隨著時間的推移提高董事會性別多元性。如果投資經理看不到改善的證據，這些缺乏改進措施的被投資公司最終有可能被撤資。

最後，該基金承諾排除生產有**爭議武器**或未能遵守**聯合國全球契約原則**（UNGC 原則）且未來無積極補救措施的公司的投資。

有關基金如何考慮其 PAI 的更多信息，請參閱基金的定期報告。

無



此金融產品遵循什麼投資策略？

投資經理採用具有約束力的專有 ESG 方法來確定被投資公司在相關 ESG 議題上的概況。

投資經理評估可能為基金潛在投資的公司，並根據藥物負擔能力/價格、性別多樣性和包容性、員工滿意度以及環境影響/溫室氣體排放等定量和定質因素決定整體 ESG 評級。投資經理根據專有的 ESG 方法將發行人分配為四個等級：AAA（同類最佳/非常好）、AA（良好）、A（一般）和 B（需要改進）。投資經理的 ESG 方法包括與被投資公司的定期對話、監控重大 ESG 問題和投票代理問題。評級為「B」的公司或因公司不符合投資經理的基本標準而未評級的公司被排除在基金的投資組合外。

本基金還適用特定的 ESG 排除條款，並且根據投資經理的分析不予投資：

投資策略

基於投資目標和風險承受度等因素指引投資決策。

良好的治理實踐

包括健全的管理結構、員工關係、員工薪酬和稅務遵循。

- 嚴重違反 UNGC 原則（無正面展望）。為此，基金不投資於投資經理根據 UNGC 原則評估為失敗的公司；
- 超過 10% 的收入來自武器的生產和/或分銷；
- 參與違禁武器的專用和/或關鍵零件（即殺傷人員地雷、生化武器和集束彈藥）的生產、分銷或批發貿易；
- 製造煙草或煙草產品，或那些從此類產品中獲得超過 5% 收入的產品
- 超過 10% 的收入來自動力煤開採或煤基發電。

此外，本基金不投資於自由之家指數 (Freedom Home Index) 評分不佳的主權發行人。

最後，該基金從其投資組合中排除了在投資經理參與後未能改善上述綜合 PAIs 的公司。在相關 PAIs 有所改善後，公司可以從排除列表中移除。

用於選定投資以達成此金融產品所提倡的各種環境或社會特徵的投資策略之約束要素是什麼？

投資策略的約束要素是：

- 排除本附件投資策略部分所述的某些行業和公司（見上文）；
- 排除在專有 ESG 方法下評級為 B 的公司；
- 承諾排除未能在參與後改進 PAIs 的公司。

在適用該投資策略之前，縮小投資範圍所承諾的最低比率為何？

不適用。

評估被投資公司良好治理實務的政策為何？

良好治理將通過基本面分析進行評估。

為了對公司治理進行評分，投資經理結合使用定量指標（例如薪酬細節、多樣性和包容性指標、爭議指標）和定性評估（董事會獨立性、董事會組成、是否存在雙重股權）。

投資經理進一步納入其他定性因素，如資本配置、研發成功、危機管理、收購歷史以及與投資者的溝

通。

某些與治理相關的爭議(例如,對高管薪酬的擔憂或認為董事會缺乏獨立性)可能導致一家公司儘管基本面或其他指標強勁,但按照我們的標準仍不可投資。



此金融產品有什麼計劃的資產配置?

投資經理採用具有約束力的專有 ESG 方法,該方法適用於至少 90% 的基金投資組合,以確定公司在相關 ESG 問題上的概況。投資組合的其餘部分(<10%)主要由流動資產(輔助流動資產、銀行存款、貨幣市場工具和貨幣市場基金)組成,剩餘部分不屬於 ESG 特徵。

資產配置

描述特定資產的投資占比。

與分類規則一致的活動以占比方式表達如下:

- 營業收入

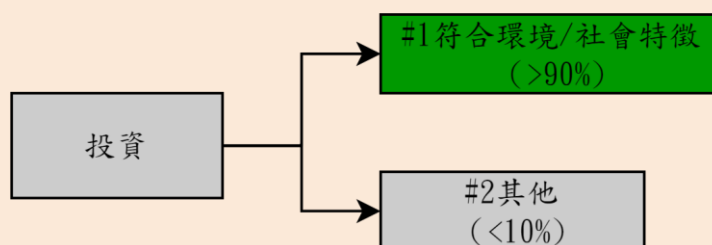
反映被投資公司來自綠色活動的營收占比。

- 資本支出(CapEx)

展現被投資公司所做出之綠色投資,例如:轉型綠色經濟。

- 營運支出(OpEx)

反映被投資公司的綠色營運活動的支出。



#1 符合 E/S 特徵:包括用以達成金融產品所提倡的環境或社會特徵的金融產品投資。

#2 其他:包括金融產品的剩餘投資,其既不符合環境或社會特徵,也不符合永續投資的條件。

本金融商品如何使用衍生性商品達成所提倡的環境或社會特徵?

不適用。

具有環境目標的永續投資符合永續經濟活動分類規則之最低程度為何?

不適用。

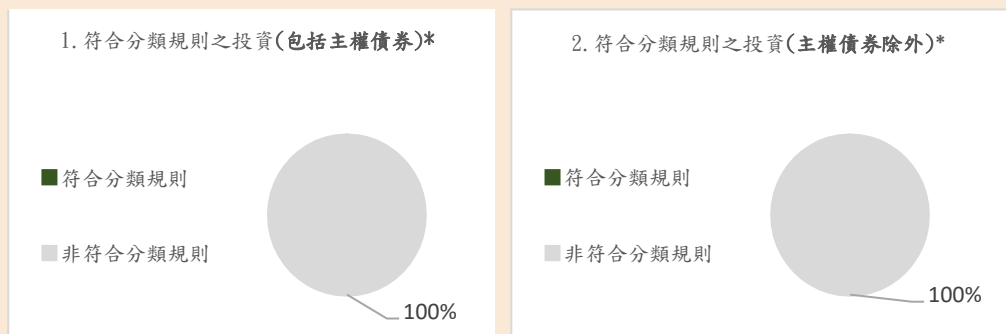
賦能活動

直接使其他活動能夠對環境目標做出重大貢獻。

轉型活動

是指尚無低碳替代品的活動，並且除此之外，其溫室氣體排放水平對應於最佳表現。

下面的兩個圖表以綠色顯示符合永續經濟活動分類規則的最低投資百分比。由於沒有合適的方法來確定主權債券*的分類，第一張圖顯示包括主權債券在內的所有金融產品投資，而第二張圖顯示主權債券除外符合分類規則的金融商品投資。



* 就這些圖表而言，「主權債券」包括所有主權曝險



為具備環境友善目標的永續投資，且不被永續經濟活動分類標準認定為環境永續經濟活動。

● 對轉型和賦能活動的最低投資占比為何？

不適用。



● 與永續經濟活動分類規則不一致的環境目標永續投資的最低占比為何？

不適用。



● 社會永續投資的最低占比為何？

不適用。



● 哪些投資涵蓋於「#2 其他」下？其目的為何？是否有任何最低環境或社會保障？

「#2 其他」投資佔投資組合的 10%，可能包括為日常服務而持有的流動資產投資（輔助流動資產、銀行存款、貨幣市場工具和貨幣市場基金），且沒有足夠數據將其視為 ESG 相關投資。由於資產的中性性質，沒有最低限度的保障措施。



參考基準

是衡量金融產品是否達到其所倡導的環境或社會特徵的指標。

● 是否有指定特定指數作為參考基準，以確定此金融產品是否與其提倡的環境及/或社會特徵一致？

否。



在哪裡可以找到更多產品特定信息？

可以在網站上找到更多特定產品的信息：

<http://www.franklintempleton.lu/our-funds/price-and-performance/products/4913/Z/franklin-u-s-opportunities-fund/LU0109391861>

針對 SFDR 規範第 10 條的特別揭露資訊可在此找到：www.franklintempleton.lu/4913

亞洲債券基金（本基金之配息來源可能為本金）

於法規(EU) 2020/852 第 6 條第 1 款中與法規 (EU) 2019/2088 第 8 條第 1、2 和 2a 款中提及的金融產品之契約前揭露

基金名稱：亞洲債券基金（本基金之配息來源可能為本金） 全球法人機構識別編碼：M2HMB6S3E6TLVJDI1L40

環境及/或社會特徵

永續投資

意圖投資於對環境或社會目標有所貢獻的經濟活動，前提是該投資不會顯著損害任何環境或社會目標，並且被投資公司遵循良好的治理實踐。

歐盟永續經濟活動分類規則

係於法規 (EU) 2020/852 中規定的分類系統，建立了環境永續經濟活動清單。該法規未列出社會永續經濟活動的清單。具有環境目標的永續投資可能與分類標準一致

此金融產品是否具有永續投資為目標？*[勾選或填入以下內容，百分比代表對永續投資的最低承諾比例]*

比例

是 否

本產品與環境目標有關的永續投資最低比重：___%

符合永續經濟活動分類規則的環境永續經濟活動

不符合永續經濟活動分類規則的環境永續經濟活動

本產品與社會目標有關的永續投資最低比重： ___%

本產品提倡環境/社會特徵，但非以其為目標進行永續投資，惟將有最低比重___%之永續投資投資於：

具環境目標，且符合永續經濟活動分類規則下的環境永續經濟活動

具環境目標，不符合永續經濟活動分類規則下的環境永續經濟活動

具社會目標

本產品提倡環境/社會特徵，但不會進行任何永續投資



此金融產品提倡什麼環境及/或社會特徵？

基金提倡廣泛的環境和/或社會特徵，這些特徵因投資組合的構成和內部因素而異包括：

- 對於主權發行人：資源不安全、極端天氣風險、非永續環境行動，社會凝聚力和穩定性、基礎設施、健康保障、勞動力、人力資本和人口統計，以及
- 對於企業發行人：氣候變化、自然資本、污染和廢物、環境機遇採取行動，人力資本、產品責任、利害關係人和社會機會。

關於其投資組合中的主權發行人，投資經理尋求透過使用專有環境、社會和治理 (ESG) 指數、坦伯頓全球宏觀 ESG 指數 (TGM ESGI) 獲得這些特徵：

- 在每個 ESG 類別中篩選出表現最差國家/地區的政府債券，直到排除對象數量達到基金專用於主權債券的投資領域總數的 10%。

- 承諾基金投資組合中主權債券的加權平均 ESG 評分高於主權債券投資領域的平均 ESG 評分。
- 根據 MSCI ESG 評級篩選出處於 ESG 評分處在最後 10%的發行人的公司債務，並將其排除在基金專對於公司債券的投資範圍之外。

• 承諾基金投資組合中企業發行人的加權平均 ESG 評分高於企業債券投資領域的平均 ESG 評分。
基金投資組合中專用於主權債券的投資領域部分，是根據在該地理區域內具有債券發行歷史數據的主權發行人所構建的，不包括來自以下國家/地區的發行人：

- 沒有當前未償還的債務；
- 記錄為美國外國資產控制辦公室（US OFAC）、歐盟（EU）或聯合國（UN）的制裁；
- 沒有發行任何以歐元或美元計價的債務，也沒有符合適用於本基金及其託管合作夥伴的法律和監管要求的當地託管實體；以及
- 任何國家由於法律或監管限制而不允許或不合理運行卻擁有主權債券。

本基金投資組合中專門用於多國家和公司債券的投資範圍由具有 MSCI ESG 評級的發行人構建。

本基金不使用參考基準來調整基金所提倡的環境或社會特徵。

永續性指標

用於衡量金融產品所提倡的環境或社會特徵的實現情況。

● 哪些永續性指標被用來衡量此金融商品所提倡的各種環境或社會特徵的實現情況？

用於衡量所促進的環境或社會特徵實現情況的永續性指標是：

- 主權發行人和與行業有關連的公司所占份額，以及下文進一步描述的其他除外；
- 基金投資組合和投資範圍之間的 ESG 評分差異。

● 此金融產品部分預期達成的永續投資的目標為何？永續投資如何有助於實現該等目標？

不適用。

● 如何讓金融產品部分預期達成的永續投資不對任何環境或社會永續投資目標造成重大損害？

不適用。

● 指標如何將永續性因素的不利影響列入考量？

不適用。

● 永續投資如何與適用於跨國企業的 OECD 準則和聯合國商業與人權指導原則

保持一致？ 細節：

不適用。

歐盟永續經濟活動分類規則訂有「不造成重大損害」原則，藉由該原則符合分類標準的投資不應有重大損害永續經濟活動分類規則之目標及其所伴隨之特定歐盟標準。

「不造成重大損害」原則僅適用於該等考量歐盟環境永續經濟活動之金融產品的投資標的。此金融產品的其餘部位之投資標的則不考量關於歐盟環境永續經濟活動。

任何其他永續投資亦不得有重大損害任何環境或社會目標。

此金融產品部分是否考慮永續性因素的主要不利影響？

是



主要不利影響

是指對永續性因素相關的投資決策有顯著的負面影響，如與環境、社會和員工事務、尊重人權、反貪腐和反賄賂事務相關。

主權和多國家發行人考量以下主要不利影響 (PAIs)：

- 溫室氣體排放
- 社會違規行為

被投資國家的溫室氣體排放量透過溫室氣體強度範圍 1 數據點進行監測

作為 TGM-ESGI 的一部分，被投資國家的社會違規行為受到監控，投資經理在其中審查制度強度、社會凝聚力、穩定性以及收入平等等。此外，還明確排除了受國際制裁的國家，包括來自聯合國、歐盟或美國 OFAC 的制裁。

公司發行人考慮以下 PAIs：

- 違反聯合國全球契約原則 (UNGC 原則) 或經濟合作與發展組織 (OECD) 跨國企業準則
- 接觸有爭議的武器
- 來自化石燃料的收入

對於公司債券，投資經理匯總並記錄相關的 PAIs 指標，並評估公司與其行業同行的表現以及不利影響的趨勢和可能性。

違反 UNGC 原則或 OECD 跨國企業準則

該基金從其投資組合中排除了投資違反 UNGC 原則 OECD 跨國企業準則的公司。

接觸有爭議的武器

該基金的投資組合中不包括涉及製造或銷售集束彈藥、殺傷人員地雷以及生物、化學和核武器的公司的投資。

化石燃料收入

該基金從其投資組合中排除了超過 30% 的收入來自化石燃料的公司的投資。

有關投資經理如何考慮其 PAIs 的更多信息，請參閱基金的定期報告。

無

該金融產品遵循什麼投資策略？

對於主權發行人，基金採用專有的 ESG 評級方法，即 TGM-ESGI，以評估基金當前或潛在投資的發行人主權債券的國家。投資經理的方法不僅捕捉國家當前的 ESG 評分，更重要的是，評估了該國家 ESG 實踐的任何預期改善或惡化。投資經理認為，這種雙管齊下的測試最能代表一個國家的投資價值，也有助於潛在地向預計改善 ESG 的國家提供資金。

TGM-ESGI 包含衡量資源不安全、極端天氣風險、非永續做法、社會凝聚力和穩定性、人力資本、勞動力和人口統計等因素的環境和社會指數，以及制度強度、腐敗和透明度等治理因素。

作為其方法的第一步，投資經理在其確定將對總體經濟狀況產生重大影響的各種 ESG 子類別中，以 0-100（100 為最高）的等級，對可能成為基金潛在投資的主權債務的每個國家進行評分。

在 ESG 子類別中，該方法利用了一組公認的全球數據提供商的基準排名。之後，子類別得分被歸入各自的 ESG 類別，並為這三個總體類別賦予相同的權重（即環境權重為 33%，社會權重為 33%，治理權重為 33%），從而計入總 ESG 分數。

然後，投資經理使用內部專有研究在這些基準當前分數上進行前瞻性疊加，以評估投資經理是否預計各國在未來兩到三年內在每個子類別中評分會改善還是惡化。這些結論構成了預測的 TGM-ESGI 分數。

作為研究過程的一部分，研究中強調了預測期間內的條件如何變化。

在購買時，當前 TGM-ESGI 得分低於投資範圍中位數的發行人必須保持中立以提高 ESG 評級。如果發行人的 TGM-ESGI 得分低於中位數並表現出負向動能，投資經理不得進行新投資或積極增加現有投資。

在剩餘的投資領域中，根據當前得分，在每個 ESG 類別中，表現最差的國家的政府債券被排除在投資之外，直到排除達到相應投資領域的 10%。

ESG 方法適用於基金投資組合中所有的主權債務持有，並對投資組合構建具有約束力。

對於多國家發行人，本基金利用 MSCI 提供的 ESG 評級，並重新表述這些評級以對應 0-100 的等級（100 為最高）。

ESG 方法適用於基金投資組合中所有的多國家債務持有，並對投資組合構建具有約束力。

對於公司發行人，本基金利用 MSCI 提供的 ESG 評級，並重新表述這些評級以對應 0-100 的等級（100 為最高）。基金投資組合中所有公司部位/發行人的加權平均分數必須高於 MSCI ESG 公司債評級範圍中的平均分數。

ESG 方法適用於基金投資組合中 100% 的公司債務持有量，並對投資組合構建具有約束力。



投資策略

根據投資目標和風險承受能力等因素指導投資決策。

根據 MSCI ESG 評級處於最後 10% 的發行人的公司債務被排除在本基金的投資範圍之外。

基金投資組合中主權（包括多國家債券）的加權平均基礎 ESG 評分高於主權投資領域的平均 ESG 評分，且基金投資組合中公司發行人的加權平均 ESG 評分高於企業投資領域的基本 ESG 評分。

出於此計算的目的，多國家發行人的 ESG 評分適用於本基金的加權平均主權 ESG 評分。

用於評分的 TGM-ESGI 子類別和全球參考指數至少每半年審核一次，並可能隨時間變化。但是，每個 ESG 類別的權重仍為三分之一。

投資經理監控目前或預計的分數，對象包括主權、正在顯著惡化的債券、貨幣或其衍生品，以評估隨著時間的推移後，有無具體改善或潛在撤資的可能。此評估是根據個案具體情況進行。

如果投資組合中持有的債券、貨幣或其衍生品的主權或公司發行人屬於最後 10% 的排除發行人名單，投資經理將採取一切合理手段在 6 個月內出售證券。如果由於法律、監管限制或特殊的市場情況而無法在此時間範圍內撤資，則投資經理應視情況在合理可行或法律允許的情況下盡快減少部位。

● 用於選定投資以達成此金融產品所提倡的每個環境或社會特徵的投資策略之約束要素是什麼？

不受投資經理酌情決定的投資策略之約束要素可概括如下：

- 因受國際經濟制裁（包括聯合國、歐盟或美國 OFAC 實施的制裁），而被排除在基金的投資範圍之外的國家和發行人。
- 根據當前的國家得分，在每個 ESG 類別中排除表現最差國家的政府債券，直到排除達到基金專用於主權債券的投資範圍的 10%。
- 根據 MSCI ESG 評級，因排在最後 10% 而被排除的發行人的公司債務。
- 承諾本基金投資組合中主權債券的加權平均基本 ESG 評分高於主權債券投資領域的平均基本 ESG 評分。
- 承諾基金投資組合中公司債券的加權平均基本 ESG 評分高於專門用於公司債券的投資領域的平均基本 ESG 評分。

為了限制投資範圍，首先適用受國際制裁國家的排除。而將 ESG 得分最低的國家排除在外的規則，適用於剩餘的投資領域。

得分最弱的國家的排除順序，首先是根據 TGM-ESGI 的環境得分去除得分最差的國家，然後是剩餘範圍內社會得分最差的國家，最後是治理得分最差的國家。重複此過程，直到排除了 10% 的範圍。

● 在適用該投資策略之前，縮小投資範圍所承諾的最低比率為何？

根據當前得分，每個 ESG 類別中表現最差的國家的政府債券被排除在投資之外，直到被排除在基金主權債券投資範圍外的主權債券達到 10%。

根據 MSCI ESG 評級處於最後 10% 的公司發行人被排除在本基金專門用於公司債券的投資範圍之外。

評估被投資公司良好治理實務的政策為何？

儘管該基金主要投資於政府債券，但主權治理仍作為投資管理流程的一部分被評估和監督。

受國際經濟制裁（包括聯合國、歐盟或美國 OFAC 實施的制裁）的發行人被排除在本基金的投資範圍之外。

其餘發行人根據其治理有效性、政策組合和改革意識、腐敗和透明度、制度實力和商業環境進行評估。這些評估匯總在一起，替投資領域中的每個發行人提供總體治理評分。

此後，投資過程會根據專有評分排除每個 ESG 類別中表現最差的國家的政府債券。這確保了治理流程薄弱到令人無法接受的國家不會被考慮投資。

作為流程的一部分，主權治理會定期進行評估和監測。投資經理與各級政府、中央銀行和其他機構保持聯繫。圍繞治理和經濟最佳實踐頻繁地進行討論，在這些會議上，投資經理分享其觀點，同時也試圖更好地了解政府在經濟政策和治理、永續性和社會主題方面的立場，以促進投資決策。

作為流程的一部分，公司治理會定期進行評估和監控。投資經理篩選公司以確定不符合 UNGC 原則和 OECD 跨國企業準則並被 MSCI 標記為有爭議的證券。這些公司隨後被排除在基金的投資組合之外。

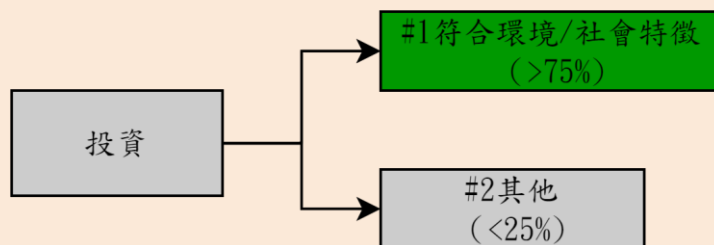
良好的治理實踐

包括健全的管理結構、員工關係、員工薪酬和稅務遵循。



此金融產品有什麼計劃的資產配置？

投資經理採用具有約束力的專有 ESG 方法，該方法適用於至少 75% 的基金投資組合。衍生性商品也可用於投資、避險或有效的投資組合管理。ESG 方法適用於用於獲得長期持有利率（存續期間）、貨幣部位或信用曝險的衍生工具的名義值。最多可分離出基金投資組合的 25%，如下圖「#2 其他」所示。它包括為流動性目的而持有的流動資產（輔助流動資產、銀行存款、貨幣市場工具和貨幣市場基金），這些資產在本質上不符合基金所提倡的環境和/或社會特徵。



#1 符合 E/S 特徵: 包括用以達成金融產品所提倡的環境或社會特徵的金融產品投資。

#2 其他: 包括金融產品的剩餘投資，其既不符合環境或社會特徵，也不符合永續投資的條件。

資產配置

描述特定資產的投資占比。

與分類規則一致的活動以占比方式表達如下：

- 營業收入

反映被投資公司來自綠色活動的營收占比。

- 資本支出(CapEx)

展現被投資公司所做出之綠色投資，例如：轉型綠色經濟。

- 營運支出(OpEx)

反映被投資公司的綠色營運活動的支出。

賦能活動

直接使其他活動能夠對環境目標做出重大貢獻。

轉型活動

是指尚無低碳替代品的活動，並且除此之外，其溫室氣體排放水平對應於最佳表現。

為具備環境友善目標的永續投資，且不被永續經濟活動分類標準認定為環境永續經濟活動。



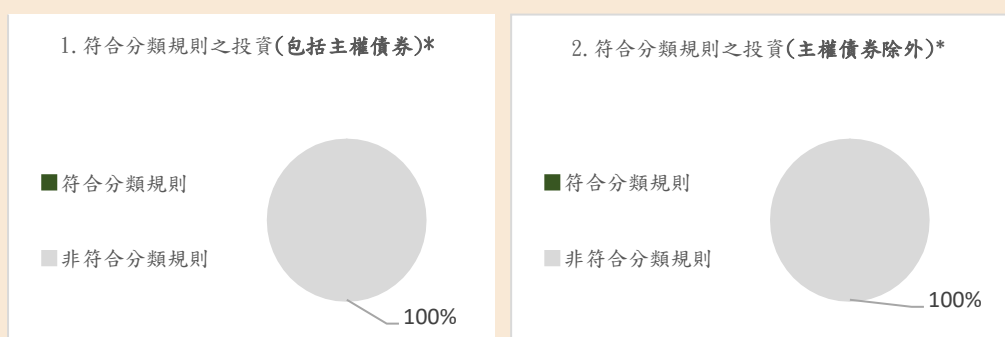
本金融商品如何使用衍生性商品達成所提倡的環境或社會特徵？

ESG方法適用於用於獲得長期持有利率(存續期間)、貨幣部位或信用利差的衍生性商品的名義值。多頭部位的名義值計入評分。

● 有環境目標的永續投資符合永續經濟活動分類規則之最低程度為何？

不適用。

下面的兩個圖表以綠色顯示符合永續經濟活動分類規則的最低投資百分比。由於沒有合適的方法來確定主權債券*的分類，第一張圖顯示包括主權債券在內的所有金融產品投資，而第二張圖顯示主權債券除外符合分類規則的金融商品投資。



* 就這些圖表而言，「主權債券」包括所有主權曝險

● 對轉型和賦能活動的最低投資占比為何？

不適用。



與永續經濟活動分類規則不一致的環境目標永續投資的最低占比為何？

不適用。



社會永續投資的最低占比為何？

不適用。



哪些投資涵蓋於「#2 其他」下？其目的為何？是否有任何最低環境或社會保障？

「#2 其他」投資佔投資組合的10%，可能包括為日常服務而持有的流動資產投資(輔助流動資產、銀行存款、貨幣市場工具和貨幣市場基金)，且沒有足夠數據將其視為ESG相關投資。由於資產的中性性質，沒有最低限度的保障措施。

「#2 其他」投資包括流動資產投資(輔助流動資產、銀行存款、貨幣市場工具和貨幣市場基金)。為滿

足基金的日常需求和/或作為衍生品的抵押品，以及可轉讓證券集體投資的承諾和流動性管理目的承諾。
無制定最低限度的環境和/或社會保障措施。



是否有指定特定指數作為參考基準，以確定此金融產品是否與其提倡的環境及/或社會特徵一致？

參考基準

是衡量金融產品是否達到其所倡導的環境或社會特徵的指標。

否。



在哪裡可以找到更多產品特定信息？

可以在網站上找到更多特定產品的信息：

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/4344/A/templeton-asian-bond-fund/LU0229950067>

針對 SFDR 規範第 10 條的特別揭露資訊可在此找到：www.franklintempleton.lu/4344

新興國家固定收益基金（本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金）

於法規(EU) 2020/852 第 6 條第 1 款中與法規 (EU) 2019/2088 第 8 條第 1、2 和 2a 款中提及的金融產品之契約前揭露

基金名稱：新興國家固定收益基金（本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金）
全球法人機構識別編碼：HEP77YQWMX55OZ6FJE32

永續投資

意圖投資於對環境或社會目標有所貢獻的經濟活動，前提是該投資不會顯著損害任何環境或社會目標，並且被投資公司遵循良好的治理實踐。

歐盟永續經濟活動分類規則

係於法規 (EU) 2020/852 中規定的分類系統，建立了環境永續經濟活動清單。該法規未列出社會永續經濟活動的清單。具有環境目標的永續投資可能與分類標準一致

環境及/或社會特徵

此金融產品是否具有永續投資為目標？*[勾選或填入以下內容，百分比代表對永續投資的最低承諾比例]*

是 否

本產品與環境目標有關的永續投資最低比重：___%

- 符合永續經濟活動分類規則的環境永續經濟活動
- 不符合永續經濟活動分類規則的環境永續經濟活動

本產品與社會目標有關的永續投資最低比重：___%

本產品提倡環境/社會特徵，但非以其為目標進行永續投資，惟將有最低比重___%之永續投資投資於：

- 具環境目標，且符合永續經濟活動分類規則下的環境永續經濟活動
- 具環境目標，不符合永續經濟活動分類規則下的環境永續經濟活動
- 具社會目標

本產品提倡環境/社會特徵，但不會進行任何永續投資



此金融產品提倡什麼環境及/或社會特徵？

基金提倡廣泛的環境和/或社會特徵，這些特徵因投資組合的構成和內部因素而異包括：

- 對於主權發行人：資源不安全、極端天氣風險、非永續環境行動，社會凝聚力和穩定性、基礎設施、健康保障、勞動力、人力資本和人口統計，以及
- 對於企業發行人：氣候變化、自然資本、污染和廢物、環境機遇採取行動，人力資本、產品責任、利害關係人和社會機會。

關於其投資組合中的主權發行人，投資經理尋求透過使用專有環境、社會和治理 (ESG) 指數、坦伯頓全球宏觀 ESG 指數 (TGM ESGI) 獲得這些特徵：

- 在每個 ESG 類別中篩選出表現最差國家/地區政府債券，直到排除對象數量達到基金專用於主權債券的投資領域總數的 10%。

- 承諾基金投資組合中主權債券的加權平均 ESG 評分高於主權債券投資領域的平均 ESG 評分

- 根據 MSCI ESG 評級篩選出處於 ESG 評分處在最後 10%的發行人的公司債務，並將其排除在基金專對於公司債券的投資範圍之外。

- 承諾基金投資組合中企業發行人的加權平均 ESG 評分高於企業債券投資領域的平均 ESG 評分。

基金投資組合中專用於主權債券的投資領域部分，是根據在該地理區域內具有債券發行歷史數據的主權發行人所構建的，不包括來自以下國家/地區的發行人：

- 沒有當前未償還的債務；

- 記錄為美國外國資產控制辦公室（US OFAC）、歐盟（EU）或聯合國（UN）的制裁；

- 沒有發行任何以歐元或美元計價的債務，也沒有符合適用於本基金及其託管合作夥伴的法律和監管要求的當地託管實體；以及

- 任何國家由於法律或監管限制而不允許或不合理運行卻擁有主權債券

本基金投資組合中專門用於多國家和公司債券的投資範圍由具有 MSCI ESG 評級的發行人構建。

本基金不使用參考基準來調整基金所提倡的環境或社會特徵

永續性指標

用於衡量金融產品所提倡的環境或社會特徵的實現情況。

● 哪些永續性指標被用來衡量此金融商品所提倡的各種環境或社會特徵的實現情況？

用於衡量所促進的環境或社會特徵實現情況的永續性指標是：

- 主權發行人和與行業有關連的公司所占份額，以及下文進一步描述的其他除外；

- 基金投資組合和投資範圍之間的 ESG 評分差異。

● 此金融產品部分預期達成的永續投資的目標為何？永續投資如何有助於實現該等目標？

不適用。

● 如何讓金融產品部分預期達成的永續投資不對任何環境或社會永續投資目標造成重大損害？

不適用。

● 指標如何將永續性因素的不利影響列入考量？

不適用。

● 永續投資如何與適用於跨國企業的 OECD 準則和聯合國商業與人權指導原則

保持一致？ 細節：

不適用。

歐盟永續經濟活動分類規則訂有「不造成重大損害」原則，藉由該原則符合分類標準的投資不應有重大損害永續經濟活動分類規則之目標及其所伴隨之特定歐盟標準。

「不造成重大損害」原則僅適用於該等考量歐盟環境永續經濟活動之金融產品的投資標的。此金融產品的其餘部位之投資標的則不考量關於歐盟環境永續經濟活動。

任何其他永續投資亦不得有重大損害任何環境或社會目標。



此金融產品部分是否考慮永續性因素的主要不利影響？

是

以下主要不利影響（PAIs）被認為是對主權和多國家發行人的影響：

- 溫室氣體排放
- 社會違規行為

被投資國家的溫室氣體排放量透過溫室氣體強度範圍 1 數據點進行監測

作為 TGM-ESGI 的一部分，被投資國家的社會違規行為受到監控，投資經理在其中審查制度強度、社會凝聚力、穩定性以及收入平等等。此外，還明確排除了受國際制裁的國家，包括來自聯合國、歐盟或美國 OFAC 的制裁。

公司發行人考慮以下 PAIs：

- 違反聯合國全球契約原則（UNGC 原則）或經濟合作與發展組織（OECD）跨國企業準則
- 接觸有爭議的武器
- 來自化石燃料的收入

對於公司債券，投資經理匯總並記錄相關的 PAIs 指標，並評估公司與其行業同行的表現以及不利影響的趨勢和可能性。

違反 UNGC 原則或 OECD 跨國企業準則

該基金從其投資組合中排除了違反 UNGC 原則 OECD 跨國企業指南的公司的投資。

接觸有爭議的武器

該基金的投資組合中不包括涉及製造或銷售集束彈藥、殺傷人員地雷以及生物、化學和核武器的公司的投資。

化石燃料收入

該基金從其投資組合中排除了超過 30% 的收入來自化石燃料的公司的投資。

有關投資經理如何考慮其 PAIs 的更多信息，請參閱基金的定期報告。

主要不利影響

是指對永續性因素相關的投資決策有顯著的負面影響，如與環境、社會和員工事務、尊重人權、反貪腐和反賄賂事務相關。

無



該金融產品遵循什麼投資策略？

對於主權發行人，基金採用專有的 ESG 評級方法，即 TGM-ESGI，以評估基金當前或潛在投資的發行人主權債券的國家。投資經理的方法不僅捕捉國家當前的 ESG 評分，更重要的是，評估了該國家 ESG 實踐的任何預期改善或惡化。投資經理認為，這種雙管齊下的測試最能代表一個國家的投資價值，也有助於潛在地向預計改善 ESG 的國家提供資金。

TGM-ESGI 包含衡量資源不安全、極端天氣風險、非永續做法、社會凝聚力和穩定性、人力資本、勞動力和人口統計等因素的環境和社會指數，以及制度強度、腐敗和透明度等治理因素。

作為其方法的第一步，投資經理在其確定將對總體經濟狀況產生重大影響的各種 ESG 子類別中，以 0-100（100 為最高）的等級，對可能成為基金潛在投資的主權債務的每個國家進行評分。

在 ESG 子類別中，該方法利用了一組公認的全球數據提供商的基準排名。之後，子類別得分被歸入各自的 ESG 類別，並為這三個總體類別賦予相同的權重（即環境權重為 33%，社會權重為 33%，治理權重為 33%），從而計入總 ESG 分數。

然後，投資經理使用內部專有研究在這些基準當前分數上進行前瞻性疊加，以評估投資經理是否預計各國在未來兩到三年內在每個子類別中評分會改善還是惡化。這些結論構成了預測的 TGM-ESGI 分數。

作為研究過程的一部分，研究中強調了預測期間內的條件如何變化。

在購買時，當前 TGM-ESGI 得分低於投資範圍中位數的發行人必須保持中立以提高 ESG 評級。如果發行人的 TGM-ESGI 得分低於中位數並表現出負向動能，投資經理不得進行新投資或積極增加現有投資。

在剩餘的投資領域中，根據當前得分，在每個 ESG 類別中，表現最差的國家的政府債券被排除在投資之外，直到排除達到相應投資領域的 10%。

ESG 方法適用於基金投資組合中所有的主權債務持有，並對投資組合構建具有約束力。

對於多國家發行人，本基金利用 MSCI 提供的 ESG 評級，並重新表述這些評級以對應 0-100 的等級（100 為最高）。

ESG 方法適用於基金投資組合中所有的多國家債務持有，並對投資組合構建具有約束力。

對於公司發行人，本基金利用 MSCI 提供的 ESG 評級，並重新表述這些評級以對應 0-100 的等級（100 為最高）。基金投資組合中所有公司部位/發行人的加權平均分數必須高於 MSCI ESG 公司債評級範圍中的平均分數。

ESG 方法適用於基金投資組合中 100% 的公司債務持有量，並對投資組合構建具有約束力。

根據 MSCI ESG 評級處於最後 10% 的發行人的公司債務被排除在本基金的投資範圍之外。

基金投資組合中主權（包括多國家債券）的加權平均基礎 ESG 評分高於主權投資領域的平均 ESG 評分，且基金投資組合中公司發行人的加權平均 ESG 評分高於企業投資領域的基本 ESG 評分。

出於此計算的目的，多國家發行人的 ESG 評分適用於本基金的加權平均主權 ESG 評分。

用於評分的 TGM-ESGI 子類別和全球參考指數至少每半年審核一次，並可能隨時間變化。但是，每個 ESG 類別的權重仍為三分之一。

投資經理監控目前或預計的分數，對象包括主權、正在顯著惡化的債券、貨幣或其衍生品，以評估

投資策略

根據投資目標和風險承受能力等因素指導投資決策。

隨著時間的推移後，有無具體改善或潛在撤資的可能。此評估是根據個案具體情況進行。

如果投資組合中持有的債券、貨幣或其衍生品的主權或公司發行人屬於最後 10% 的排除發行人名單，投資經理將採取一切合理手段在 6 個月內出售證券。如果由於法律、監管限制或特殊的市場情況而無法在此時間範圍內撤資，則投資經理應視情況在合理可行或法律允許的情況下盡快減少部位。

● 用於選定投資以達成此金融產品所提倡的各種環境或社會特徵的投資策略之約束要素是什麼？

不受投資經理酌情決定的投資策略之約束要素可概括如下：

- 因受國際經濟制裁（包括聯合國、歐盟或美國 OFAC 實施的制裁），而被排除在基金的投資範圍之外的國家和發行人。
 - 根據當前的國家得分，在每個 ESG 類別中排除表現最差國家的政府債券，直到排除達到基金專用於主權債券的投資範圍的 10%。
 - 根據 MSCI ESG 評級，因排在最後 10% 而被排除的發行人的公司債務。
 - 承諾本基金投資組合中主權債券的加權平均基本 ESG 評分高於主權債券投資領域的平均基本 ESG 評分。
 - 承諾基金投資組合中公司債券的加權平均基本 ESG 評分高於專門用於公司債券的投資領域的平均基本 ESG 評分。
- 為了限制投資範圍，首先適用受國際制裁國家的排除。而將 ESG 得分最低的國家排除在外的規則，適用於剩餘的投資領域。
- 得分最弱的國家的排除順序，首先是根據 TGM-ESGI 的環境得分去除得分最差的國家，然後是剩餘範圍內社會得分最差的國家，最後是治理得分最差的國家。重複此過程，直到排除了 10% 的範圍。

● 在適用該投資策略之前，縮小投資範圍所承諾的最低比率為何？

根據當前得分，每個 ESG 類別中表現最差的國家的政府債券被排除在投資之外，直到被排除在基金主權債券投資範圍外的主權債券達到 10%。

根據 MSCI ESG 評級處於最後 10% 的公司發行人被排除在本基金專門用於公司債券的投資範圍之外。

● 評估被投資公司良好治理實務的政策為何？

儘管該基金主要投資於政府債券，但主權治理仍作為投資管理流程的一部分被評估和監督。

受國際經濟制裁（包括聯合國、歐盟或美國 OFAC 實施的制裁）的發行人被排除在本基金的投資範圍之外。

其餘發行人根據其治理有效性、政策組合和改革意識、腐敗和透明度、制度實力和商業環境進行評估。這些評估匯總在一起，替投資領域中的每個發行人提供總體治理評分。

此後，投資過程會根據專有評分排除每個 ESG 類別中表現最差的國家的政府債券。這確保了治理流程薄弱到令人無法接受的國家不會被考慮投資。

作為流程的一部分，主權治理會定期進行評估和監測。投資經理與各級政府、中央銀行和其他機構保

持聯繫。圍繞治理和經濟最佳實踐頻繁地進行討論，在這些會議上，投資經理分享其觀點，同時也試圖更好地了解政府在經濟政策和治理、永續性和社會主題方面的立場，以促進投資決策。

作為流程的一部分，公司治理會定期進行評估和監控。投資經理篩選公司以確定不符合 UNGC 原則和 OECD 跨國企業指南並被 MSCI 標記為有爭議的證券。這些公司隨後被排除在基金的投資組合之外。



此金融產品有什麼計劃的資產配置？

投資經理採用具有約束力的專有 ESG 方法，該方法適用於至少 75% 的基金投資組合。衍生性商品也可用於投資、避險或有效的投資組合管理。ESG 方法適用於用於獲得長期持有利率（存續期間）、貨幣部位或信用曝險的衍生工具的名義值。最多可分離出基金投資組合的 25%，如下圖「#2 其他」所示。它包括為流動性目的而持有的流動資產（輔助流動資產、銀行存款、貨幣市場工具和貨幣市場基金），這些資產在本質上不符合基金所提倡的環境和/或社會特徵。

資產配置

描述特定資產的投資占比。

與分類規則一致的活動以占比方式表達如下：

- 營業收入

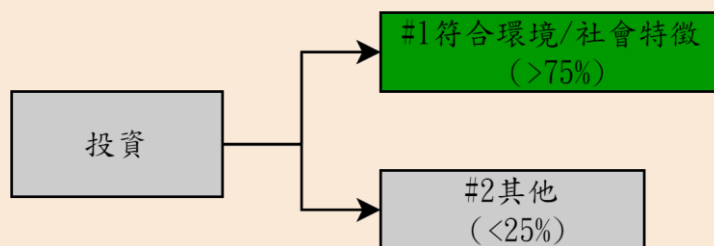
反映被投資公司來自綠色活動的營收占比。

- 資本支出(CapEx)

展現被投資公司所做出之綠色投資，例如：轉型綠色經濟。

- 營運支出(OpEx)

反映被投資公司的綠色營運活動的支出。



#1 符合 E/S 特徵:包括用以達成金融產品所提倡的環境或社會特徵的金融產品投資。

#2 其他:包括金融產品的剩餘投資，其既不符合環境或社會特徵，也不符合永續投資的條件。

本金融商品如何使用衍生性商品達成所提倡的環境或社會特徵？

ESG 方法適用於用於獲得長期持有利率（存續期間）、貨幣部位或信用利差的衍生性商品的名義值。多頭部位的名義值計入評分。

具有環境目標的永續投資符合永續經濟活動分類規則之最低程度為何？

不適用。



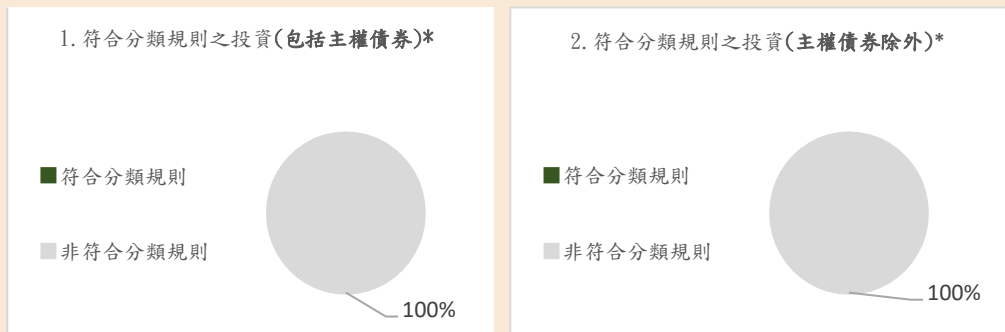
賦能活動

直接使其他活動能夠對環境目標做出重大貢獻。

轉型活動

是指尚無低碳替代品的活動，並且除此之外，其溫室氣體排放水平對應於最佳表現。

下面的兩個圖表以綠色顯示符合永續經濟活動分類規則的最低投資百分比。由於沒有合適的方法來確定主權債券*的分類，第一張圖顯示包括主權債券在內的所有金融產品投資，而第二張圖顯示主權債券除外符合分類規則的金融商品投資。



* 就這些圖表而言，「主權債券」包括所有主權曝險

● 對轉型和賦能活動的最低投資占比為何？

不適用。



● 與永續經濟活動分類規則不一致的環境目標永續投資的最低占比為何？

不適用。



● 社會永續投資的最低占比為何？

不適用。



● 哪些投資涵蓋於「#2 其他」下？其目的為何？是否有任何最低環境或社會保障？

「#2 其他」投資包括流動資產投資（輔助流動資產、銀行存款、貨幣市場工具和貨幣市場基金）。為滿足基金的日常需求和/或作為衍生品的抵押品，以及可轉讓證券集體投資的承諾和流動性管理目的承諾。無制定最低限度的環境和/或社會保障措施。



參考基準

是衡量金融產品是否達到其所倡導的環境或社會特徵的指標。

● 是否有指定特定指數作為參考基準，以確定此金融產品是否與其提倡的環境及/或社會特徵一致？

否。



在哪裡可以找到更多產品特定信息？

可以在網站上找到更多特定產品的信息：

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/500/A/templeton-emerging-markets-bond-fund/LU0029876355>

針對 SFDR 規範第 10 條的特別揭露資訊可在此找到：www.franklintempleton.lu/500

全球債券基金（本基金之配息來源可能為本金）

於法規(EU) 2020/852 第 6 條第 1 款中與法規 (EU) 2019/2088 第 8 條第 1、2 和 2a 款中提及的金融產品之契約前揭露

基金名稱： 全球債券基金(本基金之配息來源可能為本金) 全球法人機構識別編碼：5SLKA4UT9B55J80BUH41

環境及/或社會特徵

永續投資

意圖投資於對環境或社會目標有所貢獻的經濟活動，前提是該投資不會顯著損害任何環境或社會目標，並且被投資公司遵循良好的治理實踐。

歐盟永續經濟活動分類規則

係於法規 (EU) 2020/852 中規定的分類系統，建立了環境永續經濟活動清單。該法規未列出社會永續經濟活動的清單。具有環境目標的永續投資可能與分類標準一致

此金融產品是否具有永續投資為目標？*[勾選或填入以下內容，百分比代表對永續投資的最低承諾比例]*

比例

是 否

本產品與環境目標有關的永續投資最低比重：___%

符合永續經濟活動分類規則的環境永續經濟活動

不符合永續經濟活動分類規則的環境永續經濟活動

本產品與社會目標有關的永續投資最低比重： ___%

本產品提倡環境/社會特徵，但非以其為目標進行永續投資，惟將有最低比重___%之永續投資投資於：

具環境目標，且符合永續經濟活動分類規則下的環境永續經濟活動

具環境目標，不符合永續經濟活動分類規則下的環境永續經濟活動

具社會目標

本產品提倡環境/社會特徵，但不會進行任何永續投資



此金融產品促進了哪些環境或社會特徵？

該基金提倡廣泛的環境和/或社會特徵，這些特徵因投資組合的構成和內部因素而異，包括圍繞資源不安全、極端天氣風險、非永續的環境實踐、社會凝聚力採取的行動與穩定、基礎設施、衛生安全、勞動力、人力資本和人口統計數據。投資經理尋求透過使用專有環境、社會和治理 (ESG) 指數、坦伯頓全球宏觀 ESG 指數 (TGM ESGI) 獲得這些特徵：

- 在每個 ESG 類別中篩選出表現最差國家/地區政府債券，直到排除對象數量達到基金專用於主權債券的投資領域總數的 10%。
- 承諾基金投資組合中主權債券(包含多國家債券以及其衍生性商品的淨多頭部位)的加權平均 ESG 評分高於主權債券投資領域的平均 ESG 評分。

基金投資組合中專用於主權債券的投資領域部分，是根據在該地理區域內具有債券發行歷史數據的主權發行人所構建的，不包括來自以下國家/地區的發行人：

- 沒有當前未償還的債務；
- 記錄為美國外國資產控制辦公室（US OFAC）、歐盟（EU）或聯合國（UN）的制裁；
- 沒有發行任何以歐元或美元計價的債務，也沒有符合適用於本基金及其託管合作夥伴的法律和監管要求的當地託管實體；以及
- 任何國家由於法律或監管限制而不允許或不合理運行卻擁有主權債券

本基金投資組合中專門用於多國家和公司債券的投資範圍由具有 MSCI ESG 評級的發行人構建。

本基金不使用參考基準來調整基金所提倡的環境或社會特徵。

● **哪些永續性指標被用來衡量此金融商品所提倡的各種環境或社會特徵的實現情況？**

用於衡量所促進的環境或社會特徵實現情況的永續性指標是：

- 主權發行人和公司在這些行業中的曝險或與之相關的份額以及下文進一步描述的額外排除；
- 基金投資組合和投資範圍之間的 ESG 評分差異。

永續性指標

用於衡量金融產品所提倡的環境或社會特徵的實現情況。

● **此金融產品部分預期達成的永續投資的目標為何？永續投資如何有助於實現該等目標？**

不適用。

● **如何讓金融產品部分預期達成的永續投資不對任何環境或社會永續投資目標造成重大損害？**

不適用。

● **指標如何將永續性因素的不利影響列入考量？**

不適用。

● **永續投資如何與適用於跨國企業的 OECD 準則和聯合國商業與人權指導原則保持一致？ 細節：**

不適用。

歐盟永續經濟活動分類規則訂有「不造成重大損害」原則，藉由該原則符合分類標準的投資不應有重大損害永續經濟活動分類規則之目標及其所伴隨之特定歐盟標準。

「不造成重大損害」原則僅適用於該等考量歐盟環境永續經濟活動之金融產品的投資標的。此金融產品的其餘部位之投資標的則不考量關於歐盟環境永續經濟活動。

任何其他永續投資亦不得有重大損害任何環境或社會目標。



此金融產品部分是否考慮永續性因素的主要不利影響？

是

以下主要不利影響 (PAIs) 被認為是對主權和多國家發行人的影響：

- 溫室氣體排放
- 社會違規行為

被投資國家的溫室氣體排放量透過溫室氣體強度範圍 1 數據點進行監測。

作為 TGM-ESGI 的一部分，被投資國家的社會違規行為受到監控，投資經理在其中審查制度強度、社會凝聚力、穩定性以及收入平等等。此外，還明確排除了受國際制裁的國家，包括來自聯合國、歐盟或美國 OFAC 的制裁。

有關投資經理如何考慮其 PAIs 的更多信息，請參閱基金的定期報告。

無

主要不利影響

是指對永續性因素相關的投資決策有顯著的負面影響，如與環境、社會和員工事務、尊重人權、反貪腐和反賄賂事務相關。



該金融產品遵循什麼投資策略？

對於主權發行人，基金採用專有的 ESG 評級方法，即 TGM-ESGI，以評估基金當前或潛在投資的發行主權債券的國家。投資經理的方法不僅捕捉國家當前的 ESG 評分，更重要的是，評估了該國家 ESG 實踐的任何預期改善或惡化。投資經理認為，這種雙管齊下的測試最能代表一個國家的投資價值，也有助於潛在地向預計改善 ESG 的國家提供資金。

TGM-ESGI 包含衡量資源不安全、極端天氣風險、非永續做法、社會凝聚力和穩定性、人力資本、勞動力和人口統計等因素的環境和社會指數，以及制度強度、腐敗和透明度等治理因素。

作為其方法的第一步，投資經理在其確定將對總體經濟狀況產生重大影響的各種 ESG 子類別中，以 0-100 (100 為最高) 的等級，對可能成為基金潛在投資的主權債務的每個國家進行評分。

在 ESG 子類別中，該方法利用了一組公認的全球數據提供商的基準排名。之後，子類別得分被歸入各自的 ESG 類別，並為這三個總體類別賦予相同的權重 (即環境權重為 33%，社會權重為 33%，治理權重為 33%)，從而計入總 ESG 分數。

投資策略

根據投資目標和風險承受能力等因素指導投資決策。

然後，投資經理使用內部專有研究在這些基準當前分數上進行前瞻性疊加，以評估投資經理是否預計各國在未來兩到三年內在每個子類別中評分會改善還是惡化。這些結論構成了預測的 TGM-ESGI 分數。

作為研究過程的一部分，研究中強調了預測期間內的條件如何變化。

在購買時，當前 TGM-ESGI 得分低於投資範圍中位數的發行人必須保持中立以提高 ESG 評級。如果發行人的 TGM-ESGI 得分低於中位數並表現出負向動能，投資經理不得進行新投資或積極增加現有投資。

在剩餘的投資領域中，根據當前得分，在每個 ESG 類別中，表現最差的國家的政府債券被排除在投資之外，直到排除達到相應投資領域的 10%。

ESG 方法適用於基金投資組合中所有的主權債務持有，並對投資組合構建具有約束力。

對於多國家發行人，本基金利用 MSCI 提供的 ESG 評級，並重新表述這些評級以對應 0-100 的等級（100 為最高）。

ESG 方法適用於基金投資組合中所有的多國家債務持有，並對投資組合構建具有約束力。

基金投資組合中主權（包括多國家債券）的加權平均基礎 ESG 評分高於主權投資領域的平均 ESG 評分。

出於此計算的目的，多國家發行人的 ESG 評分適用於本基金的加權平均主權 ESG 評分。

用於評分的 TGM-ESGI 子類別和全球參考指數至少每半年審核一次，並可能隨時間變化。但是，每個 ESG 類別的權重仍為三分之一。

投資經理監控目前或預計的分數，對象包括債券、貨幣或其衍生性商品的主權和多國家發行人，以評估隨著時間的推移後，有無具體改善或潛在撤資的可能。此評估是根據個案具體情況進行。

如果投資組合中持有的債券、貨幣或其衍生品的主權或公司發行人屬於最後 10% 的排除發行人名單，投資經理將採取一切合理手段在 6 個月內出售證券。如果由於法律、監管限制或特殊的市場情況而無法在此時間範圍內撤資，則投資經理應視情況在合理可行或法律允許的情況下盡快減少部位。

● 用於選定投資以達成此金融產品所提倡的各種環境或社會特徵的投資策略之約束要素是什麼？

不受投資經理酌情決定的投資策略之約束要素可概括如下：

- 因受國際經濟制裁（包括聯合國、歐盟或美國 OFAC 實施的制裁），而被排除在基金的投資範圍之外的國家和發行人。
- 根據當前的國家得分，在每個 ESG 類別中排除表現最差國家的政府債券，直到排除達到基金專用於主權債券的投資範圍的 10%。
- 承諾基金投資組合中主權債券（包含多國家債券以及其衍生性商品的淨多頭部位）的加權平均

ESG 評分高於主權債券投資領域的平均 ESG 評分。

為了限制投資範圍，首先適用受國際制裁國家的排除。而將 ESG 得分最低的國家排除在外的規則，適用於剩餘的投資領域。

得分最弱的國家的排除順序，首先是根據 TGM-ESGI 的環境得分去除得分最差的國家，然後是剩餘範圍內社會得分最差的國家，最後是治理得分最差的國家。重複此過程，直到排除了 10% 的範圍。

● 在適用該投資策略之前，縮小投資範圍所承諾的最低比率為何？

根據當前得分，每個 ESG 類別中表現最差的國家的政府債券被排除在投資之外，直到被排除在基金主權債券投資範圍外的主權債券達到 10%。

● 評估被投資公司良好治理實務的政策為何？

儘管該基金主要投資於政府債券，但主權治理仍作為投資管理流程的一部分被評估和監督。

受國際經濟制裁（包括聯合國、歐盟或美國 OFAC 實施的制裁）的發行人被排除在本基金的投資範圍之外。

其餘發行人根據其治理有效性、政策組合和改革意識、腐敗和透明度、制度實力和商業環境進行評估。這些評估匯總在一起，替投資領域中的每個發行人提供總體治理評分。

此後，投資過程會根據專有評分排除每個 ESG 類別中表現最差的國家的政府債券。這確保了治理流程薄弱到令人無法接受的國家不會被考慮投資。

作為流程的一部分，主權治理會定期進行評估和監測。投資經理與各級政府、中央銀行和其他機構保持聯繫。圍繞治理和經濟最佳實踐頻繁地進行討論，在這些會議上，投資經理分享其觀點，同時也試圖更好地了解政府在經濟政策和治理、永續性和社會主題方面的立場，以促進投資決策。

此金融產品有什麼計劃的資產配置？

投資經理採用具有約束力的專有 ESG 方法，該方法適用於至少 75% 的基金投資組合。衍生性商品也可用於投資、避險或有效的投資組合管理。ESG 方法適用於用於獲得長期持有利率（存續期間）、貨幣部位或信用曝險的衍生工具的名義值。最多可分離出基金投資組合的 25%，如下圖「#2 其他」所示。它包括為流動性目的而持有的流動資產（輔助流動資產、銀行存款、貨幣市場工具和貨幣市場基金），這些資產在本質上不符合基金所提倡的環境和/或社會特徵。



資產配置

描述特定資產的
投資占比。

與分類規則一致的活動以占比方式表達如下：

- 營業收入

反映被投資公司來自綠色活動的營收占比。

- 資本支出(CapEx)

展現被投資公司所做出之綠色投資，例如：轉型綠色經濟。

- 營運支出(OpEx)

反映被投資公司的綠色營運活動的支出。

賦能活動

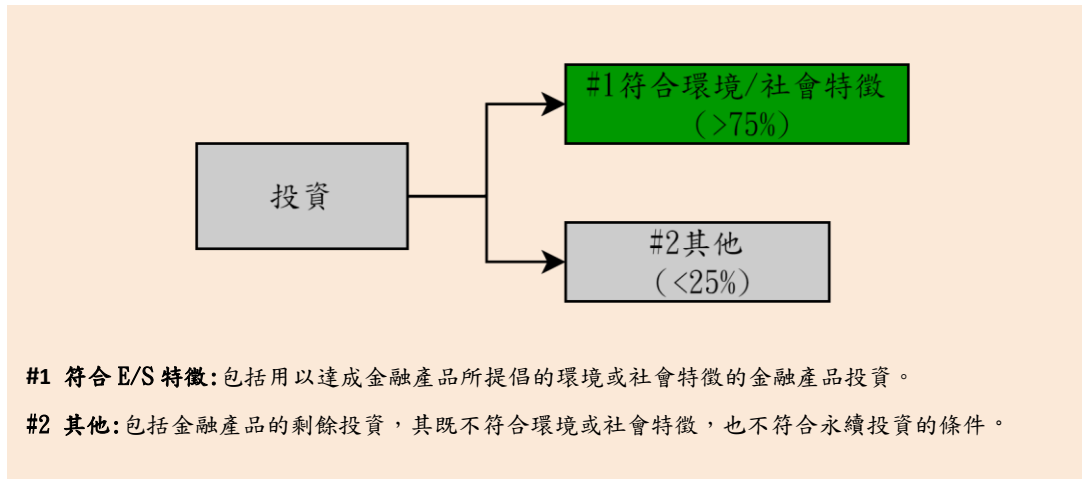
直接使其他活動能夠對環境目標做出重大貢獻。

轉型活動

是指尚無低碳替代品的活動，並且除此之外，其溫室氣體排放水平對應於最佳表現。



為具備環境友善目標的永續投資，且不被永續經濟活動分類標準認定為環境永續經濟活動。



● **本金融商品如何使用衍生性商品達成所提倡的環境或社會特徵？**

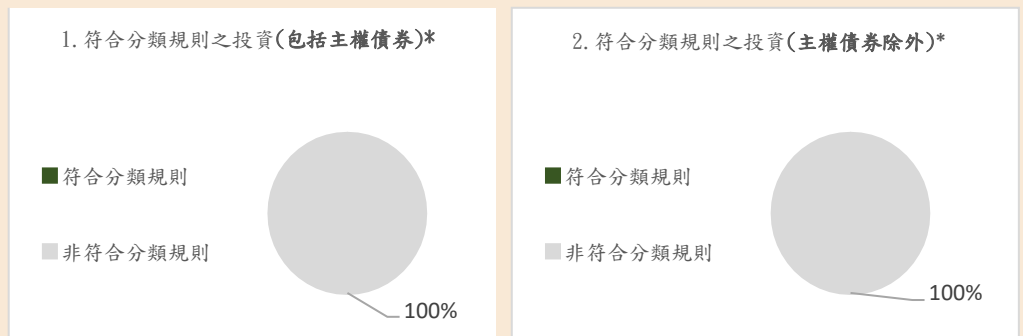
ESG 方法適用於用於獲得長期持有利率（存續期間）、貨幣部位或信用利差的衍生性商品的名義值。多頭部位的名義值計入評分。



● **具有環境目標的永續投資符合永續經濟活動分類規則之最低程度為何？**

不適用。

下面的兩個圖表以綠色顯示符合永續經濟活動分類規則的最低投資百分比。由於沒有合適的方法來確定主權債券*的分類，第一張圖顯示包括主權債券在內的所有金融產品投資，而第二張圖顯示主權債券除外符合分類規則的金融商品投資。



* 就這些圖表而言，「主權債券」包括所有主權曝險

● **對轉型和賦能活動的最低投資占比為何？**

不適用。



● **與永續經濟活動分類規則不一致的環境目標永續投資的最低占比為何？**

不適用。



社會永續投資的最低占比為何？

不適用。



哪些投資涵蓋於「#2 其他」下？其目的為何？是否有任何最低環境或社會保障？

「#2 其他」投資包括流動資產投資（輔助流動資產、銀行存款、貨幣市場工具和貨幣市場基金）。為滿足基金的日常需求和/或作為衍生品的抵押品，以及可轉讓證券集體投資的承諾和流動性管理目的承諾。無制定最低限度的環境和/或社會保障措施。



是否有指定特定指數作為參考基準，以確定此金融產品是否與其提倡的環境及/或社會特徵一致？

參考基準

是衡量金融產品是否達到其所倡導的環境或社會特徵的指標。

否。



在哪裡可以找到更多產品特定信息？

可以在網站上找到更多特定產品的信息：

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/256/A/templeton-global-bond-fund/LU0029871042>

針對SFDR規範第10條的特別揭露資訊可在此找到：www.franklintempleton.lu/256

全球氣候變遷基金

於法規(EU) 2020/852 第 5 條第 1 款中與法規 (EU) 2019/2088 第 9 條第 1 至 4 款中提及的金融產品之契約前揭露

基金名稱： 全球氣候變遷基金

全球法人機構識別編碼：ROZZJHNR2LH7P3EKVR10

永續投資

意圖投資於對環境或社會目標有所貢獻的經濟活動，前提是該投資不會顯著損害任何環境或社會目標，並且被投資公司遵循良好的治理實踐。

歐盟永續經濟活動分類規則

係於法規 (EU) 2020/852 中規定的分類系統，建立了環境永續經濟活動清單。該法規未列出社會永續經濟活動的清單。具有環境目標的永續投資可能與分類標準一致

環境及/或社會特徵

此金融產品是否具有永續投資為目標？*[勾選或填入以下內容，百分比代表對永續投資的最低承諾比例]*

是 否

本產品與環境目標有關的永續投資最低比重：90%

符合永續經濟活動分類規則的環境永續經濟活動

不符合永續經濟活動分類規則的環境永續經濟活動

本產品與社會目標有關的永續投資最低比重： ___%

本產品提倡環境/社會特徵，但非以其為目標進行永續投資，惟將有最低比重___%之永續投資投資於：

具環境目標，且符合永續經濟活動分類規則下的環境永續經濟活動

具環境目標，不符合永續經濟活動分類規則下的環境永續經濟活動

具社會目標

本產品提倡環境/社會特徵，但不會進行任何永續投資



該金融產品的永續投資目標是什麼？

本基金的永續投資目標是為《巴黎氣候協定》所考慮的減緩和適應氣候變化做出貢獻。

為了實現《巴黎氣候協定》的長期全球暖化目標，該基金主要透過投資減少溫室氣體排放的解決方案來追求脫碳，其次透過投資承諾根據 1.5 度的情景調整自己的自我脫碳軌跡之公司。

本基金不使用參考基準來實現其永續投資目標。

● 哪些永續性指標被用來衡量此金融商品所提倡的各種環境或社會特徵的實現情況？

基金使用的永續性指標是：

1. 接觸氣候變化減緩和適應解決方案提供商；
2. 接觸轉型公司；
3. 最近一年從可再生能源中產生的兆瓦時，每百萬美元投資（以基金持有的所有權份額衡量）；
4. 具有量化溫室氣體減排目標的投資組合公司的百分比；
5. 加權平均削減目標；
6. 碳強度；
7. 碳足跡軌跡；
8. 實現減碳；
9. 避免溫室氣體排放。

主要不利影響

是指對永續性因素相關的投資決策有顯著的負面影響，如與環境、社會和員工事務、尊重人權、反貪腐和反賄賂事務相關。

如何讓金融產品部分預期達成的永續投資不對任何環境或社會永續投資目標造成重大損害？

在將環境、社會和治理（ESG）數據整合到包括投資組合構建管理在內的投資決策過程中，投資經理考慮主要不利影響（PAIs）指標並透過其參與流程以保護投資組合，同時審查基金的任何投資是否對任何永續投資目標造成重大損害。

投資經理評估並尋求減輕投資決策對永續性的不利影響，例如但不限於對環境、員工安全、強迫勞動或賄賂的任何重大負面影響。投資經理評估投資組合公司的永續性影響並與後者合作，以（i）減少其活動的不利影響，以及（ii）增加其對基金永續投資目標做出積極貢獻的活動。

將行業相關影響指標與同行和廣泛的投資領域進行比較，以確定潛在的重大積極和消極影響。投資經理確定相關的重大永續性風險，並在審查可用的 PAIs 指標數據時，使用自己的定性判斷來評估投資是否造成任何重大損害。這為 ESG 評估和評級提供資訊並影響投資決策。

作為其不造成重大傷害測試的一部分，基金適用以下排除條款：

- 該基金不投資於化石燃料生產商、有爭議武器（即殺傷人員地雷、核武器、生化武器和集束彈藥）的生產商，以及 5% 或更多收入來自煙草、常規武器的公司、槍枝、煤炭發電、石油發電、核能發電、酒精、石油服務、動力煤精煉、基因工程或棕櫚油，以及 1% 或更多收入來自賭博或色情製品的公司。
- 根據投資經理的分析，本基金不投資於違反聯合國全球契約原則（UNGC 原則）、MSCI 列出的國際人權規範、勞工權利、環境標準和反腐敗法規的公司。

指標如何將永續性因素的不利影響列入考量？

在評估基金投資是否符合「不造成重大損害」原則時，投資經理考慮了 SFDR 附件 I 表 1 的所有強制性 PAIs 指標監管技術標準（RTS），投資經理特別關注在預期的投資相關範圍內投資經理認為代表不利影響的基金和其他數據點。投資經理按每項永續投資執行此分析，因此相關性和 PAIs 指標的重要性可能

因不同投資而異。被視為違反這些指標的發行人將不符合永續投資的條件。

● 永續投資如何與適用於跨國企業的 OECD 準則和聯合國商業與人權指導原則保持一致？ 細節：

根據 MSCI，該基金不投資於不遵守主要國際公約（UNGC 原則、經濟合作與發展組織（經合組織）跨國企業準則和聯合國商業與人權指導原則的公司）。

例外只能發生在對涉嫌違規行為進行正式審查後，如果投資經理不同意公司違反此類公約原則的結論，或者確定公司已經做出並實施了積極的改變認為適當地解決缺陷/違規，且結果令人滿意。在判斷公司是否遵守國際公約時，將考慮違規的嚴重程度、響應、頻率和涉及的性質，視情況調整。



此金融產品部分是否考慮永續性因素的主要不利影響？

是

本基金評估並尋求減輕投資決策對永續性的不利影響，例如對**環境**或**員工安全**、**強迫勞動**或**賄賂**的負面影響。公司減少其活動的不利影響和增加其積極貢獻活動的戰略被納入 ESG 評估和評級，這可能會影響投資決策。投資經理致力於解決和減輕這些影響。

對於所有公司，本基金對其採用以下 PAIs 方法：

- 溫室氣體強度；
 - 董事會性別多元化；
 - 接觸化石燃料；
 - 違反 UNGC 原則或 OECD 跨國企業準則；
 - 接觸有爭議的武器。
- 溫室氣體強度

在溫室氣體排放強度範圍 1 和範圍 2 的 PAIs 中，與同行相比得分處於倒數五分之一的公司，及其水平高於 MSCI 所有國家/地區世界基準的一半，被要求制定減排目標或在 3 年時間內脫離最底層五分之一。如果 3 年後沒有改善，投資經理會採取一切合理的方式撤資。

淨零資產管理人倡議（NZAMI）聯盟：

本基金與公司合作，旨在降低溫室氣體排放強度和達成減排目標，鼓勵公司將自己的商業模式與 NZAMI 目標保持一致，設定減排目標並披露他們的氣候變化戰略。投資經理打算隨著時間的推移增加符合 NZAMI 目標的最低永續投資分配，目標是到 2040 年完全符合淨零目標。

該基金的目標是，於 2030 年前，其資產管理規模（AUM）的 70% 於材料行業為淨零或與淨零保持一致，到 2040 年時達到 AUM 的 100%。投資經理結合使用第三方驗證、例如 SBTi 和 Transition Pathway Initiative (TPI)，以及它自己的分析來評估一致性。

- **董事會性別多元化**

透過參與來解決公司董事會中沒有女性的問題，要求在 3 年的時間內增加一名女性董事會成員。如果 3 年後沒有改善，投資經理會採取一切合理的方式撤資。

- **接觸化石燃料**

排除政策限制了對化石燃料的投資。

- **違反 UNGC 原則或 OECD 跨國企業準則**

排除政策禁止投資於投資經理認為嚴重違反這些國際規範的公司。

- **接觸有爭議的武器**

排除政策禁止投資於集束彈藥、殺傷人員地雷以及生物、化學和核武器。

有關基金如何考慮其 PAIs 的更多信息，請參閱基金的定期報告。

無



該金融產品遵循什麼投資策略？

本基金尋求透過主要投資於為緩解和/或適應氣候變化風險提供解決方案或正在使其商業模式更能抵禦氣候變化帶來的長期風險的全球公司的股票來實現其目標，這些風險包含氣候變化和資源枯竭。投資經理認為，這些公司在面臨低碳和資源更加受限的經濟轉型時，在財務和競爭力方面都做好了更充分的準備。

- **方法**

投資經理使用深入分析，根據預期長期收益和業務資產價值等因素，選擇其認為被低估的證券。該基金尋求投資於能夠很好地管理其對環境和/或社會發展影響的公司。

該基金專有的 ESG 評級框架包括從 1（卓越的永續性概況）到 5（不可接受的永續性風險）、直接基礎研究和參與流程的分數，能夠對公司商業模式的永續性特徵進行全面評估。

本基金旨在透過投資於減少排放、提高資源效率和限制氣候變化物理後果的公司來達成其氣候變化緩解和適應目標，從而使該基金的投資組合碳影響與 2015 年 12 月生效，且具有里程碑意義的巴黎

投資策略

根據投資目標和風險承受能力等因素指導投資決策。

良好的治理實踐
包括健全的管理結構、員工關係、員工薪酬和稅務遵循。

氣候協定保持一致。可能從全球低碳經濟轉型中獲益的公司可分為三大類：

1. 解決方案提供商：(>50% 的淨資產) 從直接或間接減少全球排放、提高資源效率和/或保護的產品和服務中或對抗氣候變化的物理後果中獲得超過 50% 的收入（或資產等替代指標）的公司。解決方案活動通常與以下主題之一相關：可再生能源、能源效率、水和廢物管理、永續交通以及永續林業和農業。推動安全選擇的因素包括投資經理從解決方案中獲得的收入和利潤百分比、公司對溫室氣體排放和資源使用的淨影響，以及公司對低碳轉型帶來的機會的治理。
2. 轉型公司：(<淨資產的 50%) 正在轉型為解決方案提供商或具有中度至高排放量或資源密集度的公司，這些公司正在以領先於其他同業的努力，致力於減少排放（特別是通過設定基於科學的減排目標，或已經實現減排的公司，使他們在同行中名列前五分之一）。根據歷史上的溫室氣體減排和量化減排目標，此類公司的預計碳強度低於行業同行的平均水平，或者根據內部方法，它們的預計解決方案收入高於行業同行的平均水平。推動證券選擇的因素包括投資經理對公司實現碳和資源強度的能力的看法，該強度與《巴黎氣候協定》的長期全球變暖目標一致，包含溫室氣體排放揭露品質、對氣候緩解和適應解決方案的揭露，以及公司的治理因低碳轉型帶來的風險和機會。
3. 有彈性的公司：(<淨資產的 50%) 碳或資源強度相對較低的公司。這些公司的碳或資源（例如水）強度在廣泛的全球投資範圍的下半（較低）部分，定義為 MSCI ACWI 可投資市場指數 (MSCI ACWI IMI)。碳強度衡量為範圍 1、2 和 3 溫室氣體排放量除以包括現金在內的企業價值 (EVIC)。資源強度的測量方法類似，但用特定資源（如水）代替。一家公司到 2050 年與 NZAMI 保持一致是安全選擇的首要考慮因素。投資經理使用巴黎聯合投資倡議的淨零投資框架 (PAII NZIF) 按符合和承諾的程度來幫助對公司進行分類。這使投資經理可根據公司目前的排放程度和承諾強度作為優先接洽的排序。

投資經理承諾透過根據其專有方法排除氣候得分最差的公司，將投資範圍至少減少 20%。

● 用於選定投資以達成此金融產品所提倡的各種環境或社會特徵的投資策略之約束要素是什麼？

投資策略的約束要素可概括如下：

1. 本基金維持加權平均 ESG 評級高於投資範圍內之公司的平均 ESG 評級(基於 MSCI ESG 評級，定義為 MSCI ACWI IMI)。
- 2、本基金不投資上述排除清單內的行業和公司。

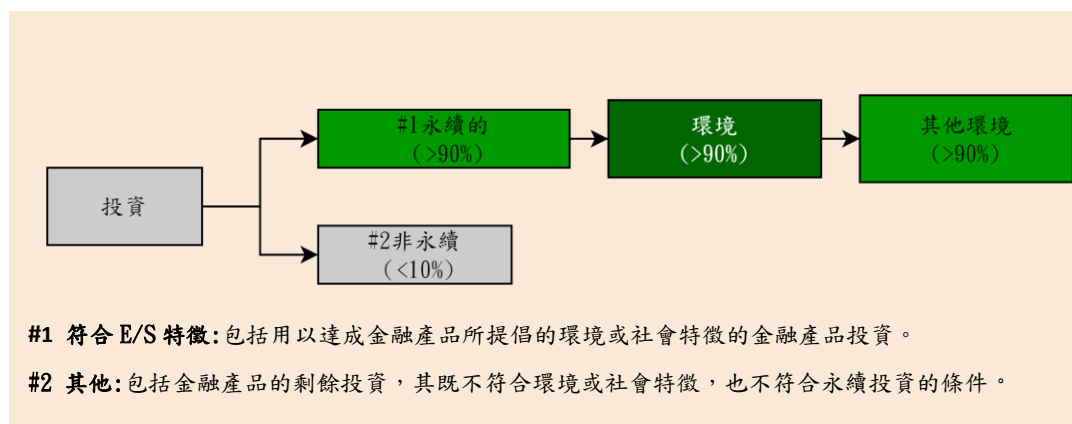
● 評估被投資公司良好治理實務的政策為何？

投資經理的分析師審查公司在他們的分析中是否表現出良好的治理實踐，包括審查董事會結構和獨立性、薪酬政策、會計準則和股東權利。投資經理還考慮了員工流動率、培訓、多樣性、薪酬差距和爭

議等項目，以及法定稅率和實際稅率之間的差距和爭議等稅務相關問題。根據分析師的評估，該基金不投資於被視為具有不可接受治理風險的公司，這類公司在專有 ESG 評級框架下的治理評級為 5。

此金融產品的資產配置及永續投資的最少比例是什麼？

投資經理採用具有約束力的專有 ESG 方法，該方法適用於至少 90% 的投資組合，以確定公司在相關環境、社會和治理問題上的概況，這構成了基金投資組合中的永續投資部分，如圖表所示以下。最多可以預留投資組合資產淨值的 10%，如下圖中「#非永續」所示。它包括為流動性目的而持有的流動性資產（輔助流動性資產、銀行存款、貨幣市場工具和貨幣市場基金），以及僅為避險目的而持有的衍生品，兩者其性質並不符合永續投資亦不能與基金的永續目標保持一致。



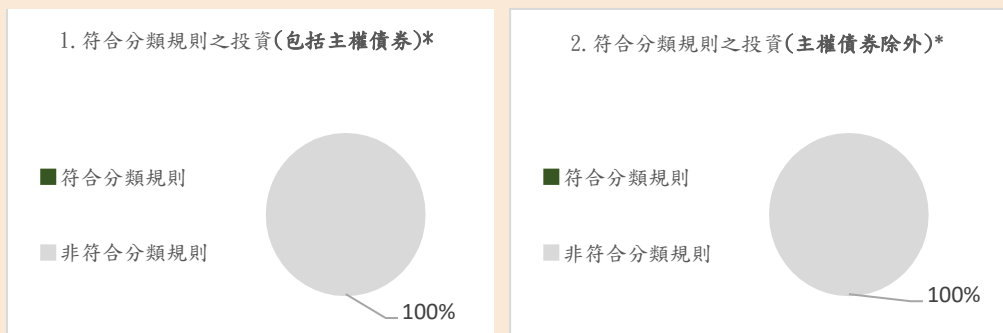
本金融商品如何使用衍生性商品達成所提倡的環境或社會特徵？

衍生性商品並非用於實現基金的永續投資目標。

具有環境目標的永續投資符合永續經濟活動分類規則之最低程度為何？

不適用。

下面的兩個圖表以綠色顯示符合永續經濟活動分類規則的最低投資百分比。由於沒有合適的方法來確定主權債券*的分類，第一張圖顯示包括主權債券在內的所有金融產品投資，而第二張圖顯示主權債券除外符合分類規則的金融商品投資。



* 就這些圖表而言，「主權債券」包括所有主權曝險



資產配置

描述特定資產的投資占比。

與分類規則一致的活動以占比方式表達如下：

- 營業收入

反映被投資公司來自綠色活動的營收占比。

- 資本支出(CapEx)

展現被投資公司所做出之綠色投資，例如：轉型綠色經濟。

- 營運支出(OpEx)

反映被投資公司的綠色營運活動的支出。



賦能活動

直接使其他活動能夠對環境目標做出重大貢獻。

轉型活動

是指尚無低碳替代品的活動，並且除此之外，其溫室氣體排放水平對應於最佳表現。



對轉型和賦能活動的最低投資占比為何？

不適用。



與永續經濟活動分類規則不一致的環境目標永續投資的最低占比為何？

該基金承諾至少 90% 的永續投資具有環境目標。這些投資可以與永續經濟活動分類規則保持一致，但投資經理目前無法詳細指明基金投資的確切比例，其考慮了歐盟永續經濟活動分類規則分類標準。但是，隨著基本規則的最終確定以及可靠數據的可用性隨著時間的推移而增加，該狀態將繼續受到審查。



社會永續投資的最低占比為何？

不適用。



哪些投資涵蓋於「#2 其他」下？其目的為何？是否有任何最低環境或社會保障？

「#2 非永續」投資包括對流動資產的投資（輔助流動資產、銀行存款、貨幣市場工具和貨幣市場基金），其為保持基金的流動性而持有，以及衍生性商品僅為避險目的持有。

投資經理透過核實交易對手用於衍生性商品交易和存款存放符合 MSCI 評估的歐盟分類保護措施，應用最低限度的環境和社會保障措施。交易對手不符合這些標準的將不會被基金接受。

為免生疑問，投資經理將確保任何用於有效交易的衍生性商品的標的資產投資組合管理將符合永續投資的條件。

「#2 非永續」分類下有限的投資比例和適用的最低保障措施不影響持續實現基金的永續投資目標。



是否指定了特定指數作為參考基準，以確定該金融產品符合其所倡導的環境或社會特徵？

否。

參考基準

是衡量金融產品是否達到其所倡導的環境或社會特徵的指標。



在哪裡可以找到更多產品特定信息？

可以在網站上找到更多特定產品的信息：

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/1339/A/templeton-global-climate-change-fund/LU0029873410>

針對SFDR規範第10條的特別揭露資訊可在此找到：www.franklintempleton.lu/1339

風險聲明

- 各基金經金融監督管理委員會核准或同意生效，惟不表示本基金絕無風險。境外基金管理機構以往之績效不保證基金之最低收益。
- 境外基金係以外幣計價，投資人須承擔取得收益分配或買回價金時轉換回新臺幣可能產生之匯率風險。若轉換當時之新臺幣兌換外幣匯率相較於原始投資日之匯率升值時，投資人將承受匯兌損失。
- 精選收益基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)、亞洲債券基金(本基金之配息來源可能為本金)、新興國家固定收益(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)、全球債券基金(本基金之配息來源可能為本金)、全球債券總報酬基金(本基金有相當比重投資於非投資等級之高風險債券且基金之配息來源可能為本金)、多空策略基金，及全球非投資等級債券基金 (原名為：全球高收益基金) (本基金之配息來源可能為本金)等七檔基金經金管會核准免受衍生性商品交易比率之限制，其持有衍生性商品之總風險曝露部位，可達基金淨資產價值之 100%，可能造成基金淨值高度波動及衍生其他風險。
- 非投資等級債券基金較適合投資屬性中風險承受度較高之投資人，投資人投資非投資等級債券基金不宜占其投資組合過高之比重。由於非投資等級債券之信用評等未達投資等級或未經信用評等，且對利率變動的敏感度甚高，故本基金可能會因利率上升、市場流動性下降，或債券發行機構違約不支付本金、利息或破產而蒙受虧損。本基金不適合無法承擔相關風險之投資人。
- 配息涉及本金之基金的配息可能由基金的收益或本金中支付。任何涉及由本金支出的部份，可能導致原始投資金額減損。部分基金進行配息前未先扣應負擔之費用。由本金支付配息之相關資料已揭露於本公司網站(<http://www.franklin.com.tw>)，投資人可至本公司網站查閱。
- 基金配息率不代表基金報酬率，且過去配息率不代表未來配息率；基金淨值可能因市場因素而上下波動，投資人於獲配息時，宜一併注意基金淨值之變動。
- 基金持有新興市場之投資標的者，其主要投資風險除包含一般股票型基金之投資組合跌價與匯率風險外，與成熟市場相比須承受較高之政治與金融管理風險，而因市值及制度性因素，流動性風險也相對較高，新興市場投資組合波動性普遍高於成熟市場。基金投資均涉及風險且不負任何抵抗投資虧損之擔保。基金並非完全投資於大陸地區之有價證券，依規定，基金直接及間接投資大陸地區證券市場之有價證券不得超過基金淨資產價值之 20%，投資香港地區紅籌股及 H 股無限制，投資人須留意中國市場特定政治、經濟與市場之投資風險。投資風險之詳細資料請參閱基金公開說明書。
- 投資經理公司以往之經理績效，並不代表未來之基金投資收益。投資管理服務與多項投資工具相關，其價值均會波動，管理的投資組合價值亦可能有上下起伏，故無法保證投資可以保本。不同投資工具的投資風險並不相同，若投資為受匯兌影響者，相較於其它特定投資組合，匯率的變動將會影響其價值，結果必然影響到基金

淨值的漲跌。若為波動性較高的基金，當基金淨值突然大幅滑落時，則變現或贖回所發生的虧損有可能很高（包含投資的所有損失）。

- 投資基金所應承擔之相關風險及應負擔之費用（含分銷費用）已揭露於基金公開說明書及投資人須知中，投資人可至境外基金資訊觀測站（www.fundclear.com.tw）下載，或逕向本公司網站（www.Franklin.com.tw）查閱。
- 本公司所提供之資料及訊息，僅供此訊息接收人之參考用途。本公司當盡力提供正確之資訊，所載資料均來自或本諸我們相信可靠之來源，但對其完整性、即時性和正確性不做任何擔保，如有錯漏或疏忽，本公司或關係企業與其任何董事或受僱人，並不負任何法律責任。基金過去的績效不代表未來的表現，基金價格可能上揚或下跌。投資共同基金有投資風險（包括但不限於價格、匯率、政治之風險），亦可能發生本金之損失。任何人因信賴此等資料而做出或改變投資決策，須自行承擔結果。

富蘭克林證券投資顧問股份有限公司

電話：(02) 2781-0088 傳真：(02) 2781-7788 台北市忠孝東路四段 87 號 8 樓

富蘭克林基金專線：0800-885-888 富蘭克林基金理財網：<http://www.Franklin.com.tw>

主管機關核准之營業執照字號：101 年金管投顧新字第 025 號

【富蘭克林證券投顧獨立經營管理】

FRANKLIN TEMPLETON INVESTMENT FUNDS

PROSPECTUS

SOCIÉTÉ D'INVESTISSEMENT

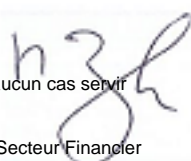
À CAPITAL VARIABLE

INCORPORATED IN LUXEMBOURG

DATED FEBRUARY 2023

VISA 2023/172325-866-0-PC

L'apposition du visa ne peut en aucun cas servir
d'argument de publicité
Luxembourg, le 2023-02-07
Commission de Surveillance du Secteur Financier



FRANKLIN TEMPLETON INVESTMENT FUNDS
Société d'investissement à capital variable
Registered office: 8A, rue Albert Borschette, L-1246 Luxembourg
Grand Duchy of Luxembourg
R.C.S. Luxembourg B 35 177

OFFER

of separate classes of shares of no par value of Franklin Templeton Investment Funds (the "Company"), each linked to one of the following sub-funds (the "Funds") of the Company, at the published offer price for the Shares of the relevant Fund:

- | | |
|---|--|
| 1. Franklin Biotechnology Discovery Fund | 46. Franklin NextStep Stable Growth Fund |
| 2. Franklin Disruptive Commerce Fund | 47. Franklin Sealand China A-Shares Fund |
| 3. Franklin Diversified Balanced Fund | 48. Franklin Strategic Income Fund |
| 4. Franklin Diversified Conservative Fund | 49. Franklin Technology Fund |
| 5. Franklin Diversified Dynamic Fund | 50. Franklin UK Equity Income Fund |
| 6. Franklin Emerging Market Corporate Debt Fund | 51. Franklin U.S. Dollar Short-Term Money Market Fund |
| 7. Franklin Emerging Market Sovereign Debt Hard Currency Fund | 52. Franklin U.S. Government Fund |
| 8. Franklin Emerging Markets Debt Opportunities Hard Currency Fund | 53. Franklin U.S. Low Duration Fund |
| 9. Franklin Euro Government Bond Fund | 54. Franklin U.S. Opportunities Fund |
| 10. Franklin Euro High Yield Fund | 55. Templeton All China Equity Fund |
| 11. Franklin Euro Short Duration Bond Fund | 56. Templeton Asia Equity Total Return Fund |
| 12. Franklin European Corporate Bond Fund | 57. Templeton Asian Bond Fund |
| 13. Franklin European Social Leaders Bond Fund | 58. Templeton Asian Growth Fund |
| 14. Franklin European Total Return Fund | 59. Templeton Asian Smaller Companies Fund |
| 15. Franklin Flexible Alpha Bond Fund | 60. Templeton BRIC Fund |
| 16. Franklin Gulf Wealth Bond Fund (previously named Franklin GCC Bond Fund) | 61. Templeton China A-Shares Fund |
| 17. Franklin Genomic Advancements Fund | 62. Templeton China Fund |
| 18. Franklin Global Aggregate Bond Fund | 63. Templeton Eastern Europe Fund |
| 19. Franklin Global Convertible Securities Fund | 64. Templeton Emerging Markets Bond Fund |
| 20. Franklin Global Corporate Investment Grade Bond Fund | 65. Templeton Emerging Markets Dynamic Income Fund (previously named Templeton Emerging Markets Balanced Fund) |
| 21. Franklin Global Fundamental Strategies Fund | 66. Templeton Emerging Markets Fund |
| 22. Franklin Global Green Bond Fund | 67. Templeton Emerging Markets Local Currency Bond Fund |
| 23. Franklin Global Growth Fund (previously named Franklin World Perspectives Fund) | 68. Templeton Emerging Markets Smaller Companies Fund |
| 24. Franklin Global Income Fund | 69. Templeton Emerging Markets Sustainability Fund |
| 25. Franklin Global Managed Income Fund | 70. Templeton Euroland Fund |
| 26. Franklin Global Multi-Asset Income Fund | 71. Templeton European Dividend Fund (previously named Franklin European Dividend Fund) |
| 27. Franklin Global Real Estate Fund | 72. Templeton European Opportunities Fund (previously named Franklin European Growth Fund) |
| 28. Franklin Gold and Precious Metals Fund | 73. Templeton European Small-Mid Cap Fund (previously named Franklin European Small-Mid Cap Fund) |
| 29. Franklin High Yield Fund | 74. Templeton Frontier Markets Fund |
| 30. Franklin Income Fund | 75. Templeton Global Balanced Fund |
| 31. Franklin India Fund | 76. Templeton Global Bond (Euro) Fund |
| 32. Franklin Innovation Fund | 77. Templeton Global Bond Fund |
| 33. Franklin Intelligent Machines Fund | 78. Templeton Global Climate Change Fund (previously named Templeton Global (Euro) Fund) |
| 34. Franklin Japan Fund | 79. Templeton Global Equity Income Fund |
| 35. Franklin K2 Alternative Strategies Fund | 80. Templeton Global Fund |
| 36. Franklin MENA Fund | 81. Templeton Global High Yield Fund |
| 37. Franklin Mutual European Fund | 82. Templeton Global Income Fund |
| 38. Franklin Mutual Global Discovery Fund | 83. Templeton Global Smaller Companies Fund |
| 39. Franklin Mutual U.S. Value Fund | 84. Templeton Global Total Return Fund |
| 40. Franklin Natural Resources Fund | 85. Templeton Global Total Return II Fund |
| 41. Franklin NextStep Balanced Growth Fund | 86. Templeton Growth (Euro) Fund |
| 42. Franklin NextStep Conservative Fund | 87. Templeton Latin America Fund |
| 43. Franklin NextStep Dynamic Growth Fund | |
| 44. Franklin NextStep Growth Fund | |
| 45. Franklin NextStep Moderate Fund | |

FRANKLIN TEMPLETON INVESTMENT FUNDS – IMPORTANT INFORMATION

If you are in any doubt about the contents of this prospectus (the "**Prospectus**"), you should consult your bank, stockbroker, solicitor, accountant or other financial advisor. No one is authorised to give any information other than that contained in this Prospectus or in any of the documents referred to herein.

The Company

The Company is incorporated in Luxembourg under the laws of the Grand Duchy of Luxembourg as a *société anonyme* and qualifies as a *société d'investissement à capital variable* ("SICAV").

The Company is registered on the official list of undertakings for collective investment in transferable securities pursuant to Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time (the "Law of 17 December 2010"). The Company qualifies as an Undertaking for Collective Investment in Transferable Securities ("UCITS") under Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended.

The Company has appointed Franklin Templeton International Services S.à r.l., société à responsabilité limitée with its registered office at 8A, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg as Management Company to provide investment management, administration and marketing services to the Company with the possibility to delegate part or all of such services to third-parties.

The Company has obtained recognition for marketing its Shares in various European countries (in addition to the Grand Duchy of Luxembourg): Austria, Belgium, the Republic of Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, The Netherlands, Poland, Portugal, Romania, Slovakia, Spain, Sweden and the United Kingdom. The registration of the Shares of the Company in these jurisdictions does not require any authority to approve or disapprove the adequacy or accuracy of this Prospectus or the securities portfolios held by the Company. Any statement to the contrary is unauthorised and unlawful.

Facilities to investors according to Art.92 (1) b) to e) of the Directive 2009/65/EC (as amended by Directive (EU) 2019/1160) are available at <https://www.eifs.lu/franklintempleton> for certain EEA countries.

The distribution of this Prospectus and the offering of the Shares may be restricted in certain other jurisdictions. It is the responsibility of any persons wishing to make an application for Shares pursuant to this Prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdictions. Attention of Investors is also drawn to the fixed amount which may be levied on transactions by Distributors, local paying agents and Correspondent Banks established in certain jurisdictions such as Italy. Prospective subscribers for Shares should make themselves aware of the legal requirements with respect to such application and of any applicable taxes in the countries of their respective citizenship, residence or domicile.

The Company is a recognised collective investment scheme under section 264 of the Financial Services Markets Act 2000 of the United Kingdom.

This Prospectus relates to Funds which are not subject to any form of regulation or approval by the Dubai Financial Services Authority ("DFSA") and is not directed to "retail clients" as defined by the DFSA (except for public distribution of funds through intermediaries in accordance with applicable laws). The DFSA has no responsibility for reviewing or verifying this Prospectus or other documents in connection with the Funds. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it. The offering of the Shares may be subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Shares and should consult an authorised financial advisers if they do not understand the contents of this Prospectus.

The Company may apply for registration of the Shares in various other legal jurisdictions worldwide.

The Company does not have any debentures, loans, borrowings or indebtedness in the nature of liabilities under acceptances or acceptance credits, mortgage hire purchase commitments, guarantees or other material contingent liabilities.

The Company is not registered in the United States of America under the Investment Company Act of 1940. The Shares of the Company have not been registered in the United States of America under the Securities Act of 1933. The Shares made available under this offer may not be directly or indirectly offered or sold in the United States of America or any of its territories or possessions or areas subject to its jurisdiction or to or for the benefit of nationals or residents thereof, unless pursuant to an exemption from registration requirements available under US law, any applicable statute, rule or interpretation. Persons located (domiciled) in the US or other US Persons (as defined from time to time by Regulation S of the United States Securities Act of 1933) (collectively, "US Persons") are not eligible to purchase Shares in the Company. Prospective Investors shall be required to declare that they are not a US Person and are not applying for Shares on behalf of any US Person. In the absence of written notice to the Company to the contrary, the provision by a potential investor of a non-US address on the application form for investment in the Company will be deemed to be a representation and warranty from such investor that he/she/it is not a US Person and that such investor will continue to be a non-US Person unless and until the Company is otherwise notified of a change in the investor's US Person status.

The term "US Person" shall mean any person that is a United States person within the meaning of Regulation S under the United States Securities Act of 1933 or as defined by the U.S. Commodity Futures Trading Commission for this purpose, as the definition of such term may be changed from time to time by legislation, rules, regulations or judicial or administrative agency interpretations.

The Company is not registered in any provincial or territorial jurisdiction in Canada and Shares of the Company have not been qualified for sale in any Canadian jurisdiction under applicable securities laws. The Shares made available under this offer may not be directly or indirectly offered or sold in any provincial or territorial jurisdiction in Canada or to or for the benefit of residents thereof, unless such Canadian resident is, and will remain at all times during their investment, a "permitted client" as that term is defined in Canadian securities legislation. Prospective Investors may be required to declare that they are not a Canadian resident and are not applying for Shares on behalf of any Canadian residents. If an Investor becomes a Canadian resident after purchasing Shares of the Company, the Investor will not be able to purchase any additional Shares of the Company.

Statements made in this Prospectus are based on the laws and practice currently in force in the Grand Duchy of Luxembourg, and are subject to changes in those laws and practice.

This Prospectus does not constitute an offer to anyone or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so.

The price of Shares in the Company and the income from them may go down as well as up and an Investor may not get back the amount invested. Attention of Investors is more specifically drawn to the fact that investment by the Company, as defined hereafter, may trigger specific risks, as more fully described under section "Risk Considerations".

The most recent audited annual and unaudited semi-annual reports of the Company, which are available free of charge and upon request at the registered office of the Company and the Management Company, form an integral part of this Prospectus.

Investors desiring to receive further information regarding the Company (including the procedures relating to complaints handling, the strategy followed for the exercise of the voting rights of the Company, the policy for placing orders to deal on behalf of the Company with other entities, the best execution policy as well as the arrangements relating to the fee, commission or non-monetary benefit in relation with the investment management and administration of the Company) or wishing to make a complaint about the operation of the Company should contact the Management Company client service department, 8A, rue Albert Borschette, L-1246 Luxembourg or their local servicing office.

The Company and the Management Company draw the Investors' attention to the fact that any Investor will only be able to fully exercise her/his Investor's rights directly against the Company, notably the right to participate in general meetings of the Shareholders, if the Investor is registered himself and in his own name in the register of Shareholders of the Company.

If an Investor invests in the Company through an intermediary investing in the Company in his own name but on behalf of the Investor, it may not always be possible for the Investor to exercise certain Shareholder rights directly against the Company. Investors are advised to take advice on their rights. The Management Company, acting as principal distributor of the Company (the "Principal Distributor"), will also organise and oversee the marketing and distribution of the Shares. The Principal Distributor may engage sub-distributors, intermediaries, brokers and/or professional investors (who may be affiliates of Franklin Templeton and who may receive part of the annual management charges, servicing charges or other similar fees).

Moreover, the Management Company decided that, when required by the relevant legal, regulatory and/or tax environment applicable to some particular countries where the Shares of the Company are or will be offered, the duties of organising and overseeing the marketing and distribution of Shares, or the distribution of Shares itself, currently dedicated on a worldwide basis to the Principal Distributor, may be allocated to such other entities (who may be affiliates of Franklin Templeton) directly appointed by the Management Company from time to time.

Subject to the provisions of the agreements in place with the Management Company, such other parties may in turn engage sub-distributors, intermediaries, brokers and/or professional investors (who may be affiliates of Franklin Templeton). Notwithstanding the foregoing, the Management Company will also monitor the appointment and activities of the sub-distributors, intermediaries, brokers and/or professional investors as part of its activity as Principal Distributor.

Distributors, sub-distributors, intermediaries and Brokers/Dealers engaged in the activity of marketing and distributing the Shares shall abide by and enforce all the terms of this Prospectus including, where applicable, the terms of any mandatory provisions of Luxembourg laws and regulations relating to the distribution of the Shares. They shall also abide by the terms of any laws and regulations applicable to them in the country where their activity takes place, including, in particular, any relevant requirements to identify and know their clients. They must not act in any way that would be damaging or onerous on the Company and/or the Management Company in particular by submitting the Company and/or the Management Company to regulatory, fiscal or reporting information it would otherwise not have been subject to. They must not hold themselves out as representing the Company.

For the avoidance of doubt, Investors buying Shares or investing through such other parties (or through sub-distributors, intermediaries, brokers/dealers and/or professional investors appointed by such other parties) will not be charged additional fees and expenses by the Company or the Management Company.

Whenever applicable, all references in this Prospectus relating to the Principal Distributor should therefore also read as references to such other parties appointed by the Management Company.

The Directors of the Company, whose names appear in section "Administrative Information", are responsible for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Board of Directors accepts responsibility accordingly.

Board of Directors' Powers

The Board of Directors is responsible for the Company's management and administration and has delegated its day-to-day management and administration to the Management Company in accordance with the Articles and the Management Company services agreement.

The Board of Directors is responsible for the overall investment policy, objectives and management of the Company and its Funds. The Board of Directors may authorise the creation of additional Funds in the future with different investment objectives, subject to the amendment of this Prospectus.

The Board of Directors may decide to offer or issue in any Fund any of the existing Share Classes, which terms and conditions are more fully described in the section "Share Classes" and "Investment Management Fees", including Alternative Currency Classes, Hedged Share Classes as well as Share Classes with different dividend policies. Investors will be informed of the issue of such Shares upon publication of the Net Asset Value per Share of such Share Class as described in the section "Publication of Share Prices".

If the total value of the Shares of any Fund is at any time below USD 50 million, or the equivalent thereof in the currency of the relevant Fund, or if a change in the economic or political situation relating to the Fund concerned would justify such liquidation or if it is required by the

interests of the Shareholders of the Fund concerned, the Board of Directors may decide to redeem all the Shares outstanding of such Fund. Notice of such redemption will be sent to the registered Investors by mail. 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. Further details are provided in Appendix D.

The Board of Directors reserves the right at any time, without notice, to discontinue the issue or sale of Shares pursuant to this Prospectus.

Shares offered or in issue in the various Funds, Classes and currencies are more fully described in the section "Share Classes".

The assets of each Fund are exclusively available to satisfy the rights of Shareholders and of creditors, which have arisen in connection with the creation, operation or liquidation of that Fund. For the purpose of the relations as between Shareholders, each Fund will be deemed to be a separate entity.

The determination of the prices of Shares of each Fund may be suspended during a period when trading on a relevant stock exchange is substantially restricted or when other specified circumstances exist which make it impracticable to dispose of or value any of the Company's investments (see Appendix D). No Share may be issued, redeemed or switched during a period of suspension. A notice of any suspension shall be published, if appropriate, in such newspapers as the Board of Directors and/or the Management Company may from time to time determine.

The distribution of this Prospectus in some jurisdictions may require the translation of this Prospectus into the languages specified by the regulatory authorities of those jurisdictions. In case of inconsistency between the translated and the English version of this Prospectus, the English version shall prevail.

The Prospectus shall be kept up-to-date and shall be made available on the Internet site: www.franklintempleton.lu and may be found on the Internet site of Franklin Templeton' Distributors and can be obtained free of charge and upon request at the registered office of the Company and the Management Company.

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DEFINITIONS

"ABCP(s)"	Asset backed commercial paper(s)
"Accumulation Share"	a Share which accumulates the income attributable to a Share so that it is reflected in the increased value of that Share
"Administrative Agent"	J.P. Morgan SE, Luxembourg Branch (the Legal successor of J.P. Morgan Bank Luxembourg S.A.), to whom the Management Company has delegated some of the administrative agency services in relation to the Company
"Alternative Currency Class"	a Share Class in an alternative currency to the base currency of the Fund
"Alternative Fund"	an Alternative Fund's assets are allocated across alternative strategies which generally relate to investments in non-traditional asset classes or non-traditional investment strategies, including long short equity, event driven, relative value, and global macro
"Annual General Meeting"	the annual general meeting of the Shareholders of the Company
"Articles"	the articles of incorporation of the Company as amended from time to time
"Balanced Fund"	a Balanced Fund (also known as mixed fund) typically invests in more than one type of asset, such as equities or debt securities (including, but not limited to, bonds). The proportion of a Balanced Fund invested in each type of asset (the asset allocation) may be fixed for some Funds and flexible for others. Where the asset allocation is flexible, the Investment Manager will make adjustments to the amount invested in each type of asset depending on its view of their future prospects. If permitted by its investment policy, a Balanced Fund may from time to time take exposure to only one type of assets depending on market opportunities
"Bond Connect"	is a mutual market access scheme allowing overseas investors to trade in bonds circulated on the China Interbank Bond Market (CIBM)
"Board of Directors"	the board of directors of the Company
"Broker/Dealer"	financial intermediary or advisor
"Business Day"	a day on which the banks in the relevant jurisdiction(s) are normally open for business
"Code on Unit Trust and Mutual Funds"	a code for authorisation and maintenance filings of domestic and foreign funds in Hong Kong
"Commitment Approach"	an approach for measuring risk or "Global Exposure" that factors in the market risk of the investments held in a UCITS sub-fund, including risk associated with any financial derivatives instruments held by converting the financial derivatives into equivalent positions in the underlying assets of those derivatives (sometimes referred to as "notional exposure"), after netting and hedging arrangements where the market value of underlying security positions may be offset by other commitments related to the same underlying positions. Global Exposure using the Commitment Approach is expressed as an absolute percentage of total net assets. Under Luxembourg Law, Global Exposure related solely to financial derivatives may not exceed 100% of total net assets, and Global Exposure overall (including market risk associated with the sub-funds' underlying investments, which by definition make up 100% of total net assets) may not exceed 200% of total net assets (excluding the 10% that a UCITS may borrow on a temporary basis for short-term liquidity)
"Company"	Franklin Templeton Investment Funds
"Contingent Deferred Sales Charge" or "CDSC"	a fee imposed when shares are sold, typically during the first few years of ownership
"Contract Note"	see sub-section "Contract Note" under section Investor General Information

"Correspondent Bank"	a bank that, in its own country, handles the business on behalf of a bank located in another country
"Covered Bonds"	Covered bonds are debt obligations issued by credit institutions and secured by a ring-fenced pool of assets (the "cover pool" or "cover assets") which bondholders have direct recourse to as preferred creditors. Bondholders remain at the same time entitled to a claim against the issuing entity or an affiliated entity of the issuer as ordinary creditors for any residual amounts not fully settled with the liquidation of the cover assets, giving them effectively a double claim or "dual recourse"
"CPF"	Central Provident Fund
"CPF Board"	Central Provident Fund Board, a statutory body incorporated in Singapore and constituted under the Central Provident Fund Act
"CPF Investor"	a purchaser of Shares in the Company using his CPF savings, subject to such terms and conditions set out in the Singapore prospectus and terms and conditions as may be imposed by the CPF Board from time to time
"CSSF"	Commission de Surveillance du Secteur Financier – The regulatory and supervisory authority of the Company in Luxembourg
"Data Protection Officer"	a person appointed by the Management Company as a data protection officer in accordance with the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC
"Dealing Cut-Off Time"	the time prior to which a transaction instruction must be received in order for the transaction to be processed at the current day's NAV as further described in Appendix A of this Prospectus
"Dealing Day"	any Valuation Day which is also a Business Day. Dealing Day restrictions in any jurisdiction may be obtained upon request
"Depository"	J.P. Morgan SE, Luxembourg Branch (the Legal successor of J.P. Morgan Bank Luxembourg S.A.), a Luxembourg-based bank, has been appointed by the Company as the Company's depository bank.
"Directors"	the members of the Board of Directors
"Distributor"	an entity or person duly appointed by the Management Company, acting as Principal Distributor, to distribute or arrange for the distribution of Shares
"Distribution Share"	a Share which normally distributes its net investment income, unless otherwise stated in the relevant Fund policy
"Eligible State"	includes any member state of the EU, any member of the OECD, and any other state which the Board of Directors deems appropriate
"Equity Fund"	an Equity Fund's assets are mainly or solely invested in or exposed to equity securities issued by companies, which are listed and traded on stock exchanges (equities). Equity Funds can either invest globally (global equity Funds) or be concentrated on specific countries (country-specific Funds), geographic regions (regional Funds) or sectors (sector-specific Funds)
"ESTR"	Euro Short-Term Rate
"ETF"	Exchange Traded Fund
"EU"	European Union

"Expected Level of Leverage"	Funds which measure Global Exposure using a Value-at-Risk (VaR) approach disclose their Expected Level of Leverage. The Expected Level of Leverage is not a regulatory limit and should be used for indicative purposes only. The level of leverage in the Fund may be higher or lower than this expected level at any time as long as the Fund remains in line with its risk profile and complies with its relative VaR limit. The annual report will provide the actual level of leverage over the past period and additional explanations on this figure. The leverage is a measure of the aggregate derivative usage and therefore does not take into account other physical assets directly held in the portfolio of the relevant Funds. The Expected Level of Leverage is measured as the Sum of Notionals (see definition for Sum of Notionals)
"FATCA "	Foreign Account Tax Compliance Act
"FCM"	Futures Commission Merchant, an individual or organization which does both of the following: 1) solicits or accepts offers to buy or sell futures contracts, options on futures, off exchange foreign exchange contracts or swaps and 2) accepts money or other assets from customers to support such orders
"FFI"	a Foreign Financial Institution as defined in FATCA
"Fixed Income Fund"	a Fixed Income Fund's assets are mainly or solely invested in or exposed to debt securities (including, but not limited to, bonds) which pay a fixed or variable rate of interest and which may be issued by companies, national or local governments and/or international organisations which are supported by several governments (such as the World Bank). Fixed Income Funds may invest globally or focus on a geographic region or country and may invest in bonds issued by different types of issuer or focus on just one (such as governments)
"Franklin Templeton"	FRI and its subsidiaries and affiliates worldwide
"FRI"	Franklin Resources Inc., One Franklin Parkway, San Mateo, California, a holding company for various subsidiaries that, together, are referred to as Franklin Templeton
"Fund"	a distinct pool of assets and liabilities within the Company, distinguished mainly by its specific investment policy and objective as created from time to time
"Global Exposure"	refers to a measure of the risk exposure for a UCITS sub-fund that factors in the market risk exposure of underlying investments, as well as the incremental market risk exposure and implied leverage associated with financial derivative instruments if and where held in the portfolio. Under Luxembourg regulation, UCITS are required to measure such risk exposure using either a "Commitment Approach" or a "Value-at-Risk (VaR) Approach" – see separate definitions for these terms
"Green bond"	a debt instrument whose proceeds will be used for partial or full financing or pre-financing of new and / or existing projects that have a beneficial impact on the environment
"Holding"	Shares held in a single Share Class within the Investor Portfolio
"Institutional Investor"	as defined from time to time by the guidelines or recommendations of the competent Luxembourg financial supervisory authority within the meaning of article 174 of the Law of 17 December 2010. Please refer to "Share Classes" section for the list of qualifying Institutional Investors
"Intergovernmental Panel on Climate Change"	the United Nations body created to provide regular scientific assessments on climate change, its implications and potential future risks, as well as to put forward adaptation and mitigation options
"Investment Fund(s) "	a UCITS or other UCI in which the Funds may invest, as determined in the investment restrictions described in Appendix B
"Investment Managers"	the companies appointed by the Management Company and which provides day-to-day management in respect of the investment and re-investment of the assets of the Funds.

	Where the Management Company does not delegate its investment management functions for one or more Funds, as reflected in the "Fund Information, Objectives And Investment Policies" section of the relevant Fund(s), references to the Investment Manager shall be construed as references to the Management Company (notably in relation to the fees to be levied by the Management Company for the performance of the investment management functions for the relevant Fund(s))
"Investor"	a purchaser of Shares in the Company either directly or through a distributor subscribing for Shares in its own name and on behalf of the relevant underlying purchaser of Shares in the Company
"Investor Portfolio" or sometimes referred to as "Portfolio"	a portfolio of Holdings in the name of the registered Investor(s)
"Investor Portfolio Number"	personal number attributed to an Investor Portfolio upon acceptance of an application
"Interest Rate Differential" or "IRC"	refers to the difference in interest rates between two similar interest-bearing currencies
"ISIN Code"	International Securities Identification Number that uniquely identifies a Fund / Share Class
"KIID"	a Key Investor Information Document within the meaning of article 159 of the Law of 17 December 2010. For the avoidance of any doubt and where relevant, the references to KIID in this Prospectus shall be understood as references to the packaged retail and insurance-based investment products key information document (as defined in regulation 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products ("PRIIPs"))
"Law of 17 December 2010"	Luxembourg Law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time
"Mainly"	please refer to the "primarily" definition below
"Management Company"	Franklin Templeton International Services S.à r.l. or, where relevant, the members of the Management Company's board of managers
"Mark-to-Market"	the valuation of positions at readily available closing prices that are sourced independently, including exchange prices, screen price, or quotes from several independent reputable brokers
"Mark-to-Model"	any valuation which is benchmarked, extrapolated or otherwise calculated from one or more market inputs
"Money Market Fund Regulation" or "MMFR"	Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds, as it may be amended or supplemented from time to time
"Money Market Fund"	any Fund qualifying as money market fund under the Money Market Fund Regulation
"Money Market Instruments"	instruments as defined in Article 2(1) of the UCITS Directive and as referred to in Article 3 of Commission Directive 2007/16/EC
"Multi-Asset Fund"	a Multi-Asset Fund typically invests in multiple types of assets, including but not limited to equities, debt securities, cash, real estate, commodities, etc. The proportion of a Multi-Asset Fund invested in each type of asset (the asset allocation) may be fixed for some Funds and flexible for others. Where the asset allocation is flexible, the Investment Manager will make adjustments to the amount invested in each type of asset depending on its view of their future prospects

"Net Asset Value per Share" or "NAV"	the value per Share of any Class of Share determined in accordance with the relevant provisions described under the heading "Determination of Net Asset Value of Shares" or, if applicable, under the sub-section "Specific provisions relating to the calculation of the Net Asset Value per Share of Funds qualifying as Money Market Funds", as set out in Appendix D
"OECD"	Organisation for Economic Cooperation and Development
"Omnibus"	an institution which holds assets within a Portfolio or holding for a number of underlying Investors
"P-chips"	are incorporated outside of China and trade on the Hong Kong exchange. P chips are Nonstate-owned Chinese companies incorporated outside the mainland and traded in Hong Kong
"Paris Climate Agreement"	landmark environmental accord that was adopted by nearly every nation in 2015 to address climate change and its negative impacts. The deal aims to substantially reduce global greenhouse gas emissions in an effort to hold the increase in the global average temperature to well below 2°C above pre-industrial levels, while pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels
"Physical Bearer Shares"	Shares which historically were issued in non-registered form by the Company. Title to such Shares is given to the holder of the physical bearer Share certificate. The Company no longer issues Shares in physical bearer form
"Primarily", "principally" or "mainly"	when a Fund investment policy states that investments will be made "primarily", "principally" or "mainly" in a particular type of security or in a particular country, region or industry, it generally means that at least two-thirds of this Fund's net assets (without taking into account ancillary liquid assets) shall be invested into such security, country, region or industry
"Principal Distributor"	the Management Company acting as principal distributor of the Company
"Purchase"	when the Prospectus states "purchase" or "how to purchase shares", it generally refers to a subscription of Shares
"QFI"	Qualified Foreign Investor (including qualified foreign institutional investors ("QFII") and Renminbi qualified foreign institutional investors ("RQFII") portfolio authorised by the China Securities Regulatory Commission of Mainland China to invest in the securities market of Mainland China
"Red-chips"	are incorporated outside of China and trade on the Hong Kong exchange. Red chips are usually controlled by the state or a province or municipality
"Registrar and Transfer Agent"	Virtus Partners Fund Services Luxembourg S.à.r.l, to whom the Management Company has delegated the registrar and transfer agency services in relation to the Company
"Regulated Market"	a market within the meaning of point 21) of Article 4 of the Directive 2014/65/EC of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments or another regulated market, which operates regularly and is recognised and open to the public in an Eligible State
"repurchase agreements"	forward transactions at the maturity of which the Company (seller) has the obligation to repurchase the assets sold and the counterparty (buyer) the obligation to return the assets purchased under the transactions.
"Residual Maturity"	the length of time remaining (in days) until the legal maturity of as security or asset
"reverse repurchase agreements"	forward transactions at the maturity of which the counterparty (seller) has the obligation to repurchase the asset sold and the Company (buyer) the obligation to return the assets purchased under the transactions

"RMB"	the official currency of Mainland China – to be read as a reference to onshore Renminbi (CNY) and/or offshore Renminbi (CNH) as the context requires
"Sale" or "to sell"	when the prospectus states « a sale » of shares or « how to sell shares », it generally refers to a redemption of Shares
"SARON"	Swiss Average Rate Overnight
"Sustainable Development Goals ("SDG") bond"	a debt instrument where the coupon payable by the bond issuer is linked to achieving targets against specific SDG outcomes
"SFDR"	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector
"securities lending"	a transaction whereby securities are transferred on a temporary basis from a lender to a borrower with the latter obliged to return the securities either on demand or at the end of a specific period.
"SICAV"	<i>Société d'Investissement à Capital Variable</i>
"Share"	a Share of any Share Class in the capital of the Company
"Share Class"	a class of Shares with a specific fee structure, currency of denomination or other specific feature
"Shareholder"	a holder of Shares in the Company
"Short-Term Variable Money Market Fund"	a Money Market Fund that (i) invest in Money Market Instruments referred to in Article 10 (1) of the MMFR, (ii) is subject to the portfolio rules set out in Article 24 of the MMFR and (iii) complies with the specific requirements laid down in Articles 29, 30 and 33 (1) of the MMFR
"Social bond"	a debt instrument whose proceeds will be used for partial or full financing or pre-financing of new and / or existing projects that provide clear social benefits
"SOFR"	Secured Overnight Financing Rate
"SONIA"	Sterling Overnight Index Average
"Sum of Notionals"	<p>a measure of the level of leverage as calculated by taking the sum of notionals of all financial derivative contracts entered into by the Fund expressed as a percentage of the Fund's Net Asset Value. The Global Exposure to the underlying investments (i.e. the 100% of Global Exposure represented by actual net assets) is not included in the calculation, only the incremental Global Exposure from the financial derivative contracts being taken into account for the purpose of calculation of the Sum of Notionals</p> <p>This methodology does not:</p> <ul style="list-style-type: none"> - make a distinction between financial derivative instruments that are used for investment or hedging purposes. As a result, strategies that aim to reduce risk will contribute to an increased level of leverage for the Fund; - allow the netting of derivative positions. As a result, derivative roll-overs and strategies relying on a combination of long and short positions may contribute to a large increase of the level of leverage when they do not increase or only cause a moderate increase of the overall Fund risk; - take into account the derivative underlying assets' volatility or make a distinction between short-dated & long-dated assets; - consider the delta for option contracts, so there is no adjustment for the likelihood that any option contract will be exercised. As a result, a Fund that has out of the money option contracts that are not likely to be exercised will appear to have the same leverage as a Fund with comparable figures for sum of notionals where the option contracts are in the money and are likely to be exercised, even though the potential leveraging effect

	of out of the money options tends to increase as the price of the underlying asset approaches the strike price, then tends to dissipate as the price of the underlying rises further and the contract goes deep into the money
"Sustainability bond"	a debt instrument whose proceeds will be exclusively applied to finance or re-finance new and / or existing projects that provide a combination of environmental and social benefits
"Sustainability-linked bond"	a debt instrument bonds contributing to financing the issuer's strategy towards achieving predefined sustainability objectives within a set timeline
"Taxonomy Regulation"	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, as may be amended from time to time
"Third Country"	member countries of the Organisation of Economic Co-operation and Development ("OECD") that meet the credit quality criteria of the investment policy of the Funds that qualify as Money Market Funds
"Third Party Payment"	payments received from, or made by/to, a party other than the registered Investor
"TONAR"	Tokyo Overnight Average Rate
"UCI" or "other UCI"	Undertaking for Collective Investment within the meaning of Article 1, paragraph (2), point a) and b) of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended
"UCITS"	Undertaking for Collective Investment in Transferable Securities authorised according to Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended
"UCITS Directive"	means Directive 2009/65/EC on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as amended by Directive 2014/91/EU
"USA" or "US"	United States of America
"Valuation Day" or "Pricing Day"	any day on which the New York Stock Exchange ("NYSE") is open or any full day on which banks in Luxembourg are open for normal business (other than during a suspension of normal dealing). With respect to the Franklin Japan Fund, Franklin Sealand China A-Shares Fund, Templeton All China Equity Fund and Templeton China A-Shares Fund, the Management Company may also take into account whether relevant local stock exchanges and/or Regulated Markets which are the principal market(s) for a significant portion of the investments attributable to the Franklin Japan Fund, Templeton All China Equity Fund and Templeton China A-Shares Fund are closed for trading, and may elect to treat such closures as non-Valuation Days for these Funds. Further information on the applicable Valuation Days for the Funds can be found on the website: http://www.franklintempleton.lu
"Value-at-Risk (VaR) approach"	an approach for measuring risk or "Global Exposure" based on Value-at-Risk or VaR, which is a measure of the maximum potential loss that can arise at a given confidence level over a specific time period under normal market conditions. VaR may be expressed in absolute terms as a currency amount specific to a portfolio, or as a percentage when the currency amount is divided by total net assets. VaR may also be expressed in relative terms, where the VaR of the Fund (expressed in percentage terms) is divided by the VaR of its relevant benchmark (also expressed in percentage terms), generating a ratio known as relative VaR. Under Luxembourg Law absolute VaR limits are currently 20% of total net assets and relative VaR limits are currently twice or 200% of the benchmark VaR
"Weighted Average Life"	the average length of time to legal maturity of all of the underlying assets in the Money Market Fund reflecting the relative holdings in each asset

"Weighted Average Maturity"

the average length of time to legal maturity or, if shorter, to the next interest rate reset to a money market rate, of all of the underlying assets in the Money Market Fund reflecting the relative holdings in each asset

**All references herein to time are to Central European time (CET) unless otherwise indicated.
Words implying the singular shall, where the context permits, include the plural and vice versa.**

ADMINISTRATIVE INFORMATION

BOARD OF DIRECTORS OF THE COMPANY

CHAIRMAN:

Gregory E. Johnson
Executive Chairman
FRANKLIN RESOURCES, INC.
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Ed Venner
Chief Operating Officer – Distribution
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REGISTRAR AND TRANSFER AGENT

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PRINCIPAL DISTRIBUTOR

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TAIWAN MASTER AGENT

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in Cyprus:

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1065 Nicosia, Cyprus

Eurobank Cyprus Ltd
Banking Institution
41, Arch. Makarios III Avenue,
P.C. 1065 Nicosia, Cyprus

and

Piraeus Bank (Cyprus) LTD
1 Spyrou Kyprianou
1065 Nicosia, Cyprus

in Czech Republic:

Raiffeisenbank a.s.
Hvězdova 1716/2b
14078 Prague 4

in France:

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Eurobank Ergasias S.A.
10, Stadiou Street
105 64 Athens

Piraeus Bank S.A.
4, Amerikis Street
105 64 Athens

HSBC Bank PLC, Greek Branch
109-111 Messoghion Ave.
115 26 Athens

National Bank of Greece
86 Eolou street
10232 Athens

Investment Bank of Greece S.A.
32 Aigialeias street and Paradissou
151 25 Maroussi

and

Alpha Bank S.A.
40 Stadiou Street
102 52 Athens

in Italy:

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and

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FUND INFORMATION, OBJECTIVES AND INVESTMENT POLICIES

The Company aims to provide Investors with a choice of Funds investing in a wide range of transferable securities and other eligible assets on a worldwide basis and featuring a diverse array of investment objectives including capital growth and income. The overall objective of the Company is to seek to minimise investment risk exposure through diversification and to provide Investors with the benefit of a portfolio managed by entities of Franklin Templeton according to its successful time-tested investment selection methods.

As more fully disclosed in Appendix D, a Fund shall be solely liable for its own assets and liabilities.

Within the limits of the Company's investment restrictions as more fully described in Appendix B, the Funds (except Money Market Funds which are subject to specific restrictions detailed under section 5 of Appendix B) may invest in "when-issued" securities, lend their portfolio securities and borrow money.

Further, subject to the limits set forth in the investment restrictions, the Company may with respect to each Fund, invest in financial derivative instruments for the purpose of efficient portfolio management (except for Money Market Funds) and/or to hedge against market or currency risks.

In addition, the Company may also seek to protect and enhance the asset value of its different Funds through hedging strategies consistent with the Funds' investment objectives by utilising, for example, currency options, forward contracts and futures contracts.

To the extent permitted under applicable laws and regulations, the underlying to the financial derivative instruments used by the Funds for any purposes must only consist of eligible instruments, financial indices, interest rates, foreign exchange rates or currencies, in which the Funds may invest according to their specific investment objectives and policy and the investment restrictions applicable thereto.

For the avoidance of doubt, Money Market Funds can only invest in financial derivative instruments for hedging their interest rate or exchange rate risks.

When a Fund investment policy states that investments will be made "primarily", "principally" or "mainly" in a particular type of security, or in a particular country, region or industry, it generally means that at least two-thirds of this Fund's net assets (without taking into account ancillary liquid assets) shall be invested into such security, country, region or industry.

Each Fund may hold ancillary liquid assets (i.e. bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets in response to adverse market, economic, political, or other conditions, or to meet liquidity, redemption, and short-term investing needs. On a temporary basis and if justified by exceptionally unfavourable market conditions, each Fund may, in order to take measures to mitigate risks relative to such exceptional market conditions in the best interests of its shareholders, hold ancillary liquid assets up to 100% of its net assets.

Unless otherwise provided in the investment policy of a specific Fund, any Fund may also, in order to achieve its investment goals and for treasury purposes, invest in bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions. For defensive purposes, the Fund may invest up to 100% of its net assets in these instruments on a temporary basis.

When a Fund may invest in total return swaps or other financial derivative instruments with similar characteristics, the underlying assets and investment strategies to which exposure will be gained are described in the relevant Fund's investment policy.

The investment objectives and policies described below are binding on the Management Company and the respective Investment Managers of the Funds.

Sustainable Investing

The Management Company has implemented a policy in respect of the integration of sustainability risks in its investment decision making-process. The Management Company and/or Investment Manager(s) integrate sustainability risks and opportunities into their research, analysis and investment decision-making processes.

Sustainability risk, as further described in the "Risk Considerations" section, means an environmental, social, or governance event or condition, that, if it occurs, could potentially or actually cause a material negative impact on the value of a Fund's investment. Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks.

Sustainability risks are important elements to consider in order to enhance long-term risk adjusted returns for investors and determine specific Fund's strategy risks and opportunities. All Funds of the Company do currently integrate sustainability risk in their investment decision-making process. Integration of sustainability risk may vary depending on the Fund's strategy, assets and/or portfolio composition. The Management Company and/or relevant Investment Managers make use of specific methodologies and databases into which environmental, social, and governance (ESG) data from external research companies, as well as own research results, are incorporated. Assessment of sustainability risks is complex and may be based on ESG data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

To the extent that a sustainability risk occurs, or occurs in a manner that is not anticipated by the Management Company and/or the relevant Investment Manager/Investment Manager's models, there may be a sudden, material negative impact on the value of an investment, and hence on the Net Asset Value of the Fund. Except where sustainability risk is not deemed relevant for a particular Fund, in which case further explanation can be found in the Fund's specific section, such negative impact may result in an entire loss of value of the relevant investment(s) and may have an equivalent negative impact on the Net Asset Value of the Fund.

The Taxonomy Regulation is limited in its application on an initial basis to only two of the six environmental objectives – climate change mitigation and climate change adaptation, as defined under the Taxonomy Regulation.

Unless otherwise stated in a Fund's specific information sub-section below, the investments underlying a Fund do not take into account the EU criteria for environmentally sustainable economic activities, including enabling or transitional activities, within the meaning of the Taxonomy Regulation.

More specific information on the implementation of SFDR and on the ESG methodology of each Fund subject to Article 8 or Article 9 of the SFDR can be found under respective "SFDR Disclosure" for the Fund on the website www.franklintempleton.lu/our-funds/investment-topics-in-focus/sustainable-finance-disclosure-regulations.

Unless specifically stated for a given Fund under Appendix G, for each Fund subject to Article 8 or Article 9 of the SFDR, the Management Company is integrating consideration of relevant principal adverse impacts ("PAIs") on ESG factors into the Funds' investment decision process. For avoidance of doubts, PAIs are not applied to all the Funds, as collecting, and verifying PAIs data involves a material cost which indirectly impact the end investors and investee companies required to produce them. The Management Company does not consider such costs to be justifiable and in best interests of the investors. Additional information on the consideration of PAIs can be found in the document "SFDR entity level statement on i) integration of sustainability risks and ii) non-consideration of PAIs" which is available on the website <https://www.franklintempleton.lu/about-us/sustainable-investing>.

FRANKLIN BIOTECHNOLOGY DISCOVERY FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund invests principally in equity securities of biotechnology companies and discovery research firms (including small to mid-sized companies) located in the US and other countries, and to a lesser extent in debt securities of any type of issuers worldwide.

For the Fund's investment purposes, a biotechnology company is one that has at least 50% of its earnings derived from biotechnology activities, or at least 50% of its net assets devoted to such activities based on the company's most recent fiscal year. Biotechnology activities are research, development, manufacture, and distribution of various biotechnological or biomedical products, services and processes. This may include companies involved with genomics, genetic engineering, and gene therapy. It also includes companies involved in the application and development of biotechnology in areas such as health care, pharmaceuticals, and agriculture.

Since the Investment Manager considers that Environmental, Social and Governance (ESG) factors can have a material impact on a company's current and future corporate value, ESG considerations are an integral component of its fundamental investment research and decision process. The Fund's Environmental and/or Social characteristics (within the meaning of Article 8 SFDR) promoted are detailed in the Appendix G. To the extent that the Fund invests in debt securities, it generally buys securities that are rated investment grade or unrated securities that it determines to be of comparable quality. Investment grade debt securities are rated in the top four ratings categories by independent rating organisations such as Standard & Poor's Corporation or Moody's Investors Service, Inc.

The Fund anticipates that under normal conditions, it will invest more of its net assets in US securities than in those of any other single country although the Fund may have more than 50% of its net assets in non-US securities.

The Fund may also, in accordance with the investment restrictions, invest (i) up to 5% of its net assets in securities issued by private companies and Private Investments in Public Equity (PIPEs) and (ii) up to 5% of its net assets in special purpose acquisition companies (SPACs) provided that the contemplated PIPEs and SPACs qualify as transferable securities under paragraphs (1) or (2) a) of Article 41 of the Law of 17 December 2010.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 8 of the SFDR
- achieve capital appreciation by investing in equity securities
- invest in the biotechnology sector in the US and around the world
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Foreign Currency risk
- Market risk
- Securities Lending risk

Other risks that may be relevant to the Fund:

- Counterparty risk
- Debt Securities risk
- Equity risk
- Liquidity risk
- PIPEs risk
- Private Companies risk
- Smaller and Midsize Companies risk
- SPACs risk
- Sustainability risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN DISRUPTIVE COMMERCE FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund invests principally in equity securities of companies that are relevant to the Fund's investment theme of disruptive commerce. Equity securities generally entitle the holder to participate in a company's general operating results. While the Fund invests predominantly in common stocks, it could also invest in preferred stock, convertible securities and warrants on securities.

Companies relevant to the Fund's investment theme of disruptive commerce are those that the Investment Manager believes are substantially focused on and/or are expected to substantially benefit from electronic commerce (or "e-commerce"), auctions, the sharing economy, electronic payment capabilities ("e-payments"), drop shipping, direct marketing or significant decreases in transport and delivery costs, all of which provide the customer with a more customized, secure and time efficient buying process. These companies may include retailers, payment companies, logistics and delivery companies, software companies that focus on multi-channel capabilities, as well as companies utilizing innovative marketing methods.

In pursuing the Fund's investment theme, the Investment Manager may invest in companies in any economic sector or of any market capitalization and may invest in companies both inside and outside of the United States, including those in developing or emerging markets. Although the Fund may invest across economic sectors, the Fund concentrates its investments in consumer discretionary related industries. The Fund is a "non-diversified" fund, which means it generally invests a greater proportion of its assets in the securities of one or more issuers and invests overall in a smaller number of issuers than a diversified fund.

While the Fund invests, under normal market conditions, at least 80% of its net assets in equity securities, the Fund can seek investment opportunities in other types of securities including but not limited to debt and fixed income securities (which may include all varieties of fixed and floating-rate income securities of any maturity or quality of corporate issuers worldwide), as well as up to 10% of its net assets in open and closed-end UCIs (including exchange traded funds).

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- achieve capital appreciation by investing in equity securities of companies providing customers with a more customized, secure and time efficient buying process
- invest for the medium to long term

Risk Considerations

The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

Principal risks to the Fund's investment strategy:

- Concentration Risk
- Market risk
- Thematic Investing risk

Other risks that may be relevant to the Fund:

- Convertible and Hybrid Securities risk
- Class Hedging risk
- Credit risk

- Debt Securities risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Liquidity risk
- Smaller and Midsize Companies risk
- Warrants risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN DIVERSIFIED BALANCED FUND

Asset Class

Multi-Asset Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund's investment objective is to achieve a combination of income and long-term capital appreciation, targeting a yearly average return of 3.5% (net of fees) in excess of the Euro Interbank Offered Rate (EURIBOR) over a rolling three year period. The Fund aims to achieve its objective with an annualised volatility ranging, under normal market conditions, between 5% and 8%. There is no guarantee that the Fund will achieve its return objective, nor that it will remain within the aimed-for volatility range.

Investment Policy

The Fund intends to achieve its objective by actively managing direct and indirect exposure to equities, fixed income securities, collective investment schemes, ancillary liquid assets, bank deposits, money market instruments and money market funds, as well as indirect exposure to "alternative" investments.

The Fund invests directly or indirectly (through collective investment schemes, financial derivative instruments and structured products) in securities of issuers of any market capitalisation located anywhere in the world, including Emerging Markets. The Fund may have up to 75% net long exposure directly or indirectly to equities and equity-related securities. The remaining net assets are normally invested directly or indirectly in debt securities (including lower rated or non-investment grade securities, defaulted debt securities, and convertible or contingent convertible securities as well as distressed debt securities) as well as, up to 10%, in "alternative" asset classes such as real estate, infrastructure and commodities. Investments in contingent convertible securities are limited to 5% of the Fund's net assets.

Exposure to assets classes such as equities will be determined on a net basis, taking the combined value of long and short exposures across all equity markets. Gross absolute exposure to equities may therefore exceed 75%.

The Fund may use financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments include but are not limited to swaps (such as credit default swaps or total return swaps on equity, fixed income, currency or commodity related indices), forwards, futures contracts (including futures on equity indices and on government securities), as well as options (including covered calls). In this context, the Fund may seek exposure to, inter alia, commodities or real estate through the use of financial derivative instruments on eligible financial indices. The Fund may also invest in securities, cash-settled structured products or exchange traded notes where the security is linked to or derives its value from another security, index or currencies of any country.

In order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

Collective investment schemes into which the Fund may invest (limited to 10% of the Fund's net assets) may either be managed by Franklin Templeton or other asset managers.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 70% of the Fund's net assets, subject to a maximum of 120%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- medium to long-term capital appreciation and income with moderate volatility
- a relatively cautious approach to the growth opportunities offered through investment in equities, debt securities and cash

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Commodities Related Exposure risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Distressed Securities risk
- Dividend Policy risk
- Emerging Markets risk
- Liquidity risk
- Real Assets risk
- Securities Lending risk
- Securitisation risk
- Structured Notes risk
- Swap Agreements risk
- Underlying Investment Funds risk

Global Exposure

The Value-at-Risk approach (absolute VaR) is used to calculate the Global Exposure of the Fund.

The Expected Level of Leverage for the Fund should amount to 300%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

Franklin Templeton International Services S.à r.l. and Franklin Templeton Investment Management Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN DIVERSIFIED CONSERVATIVE FUND**Asset Class**

Multi-Asset Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund's investment objective is to achieve a combination of income and long-term capital appreciation, targeting a yearly average return of 2% (net of fees) in excess of the Euro Interbank Offered Rate (EURIBOR) over a rolling three year period. The Fund aims to achieve its objective with an annualised volatility ranging, under normal market conditions, between 3% and 5%. There is no guarantee that the Fund will achieve its return objective, nor that it will remain within the aimed-for volatility range.

Investment Policy

The Fund intends to achieve its objective by actively managing direct and indirect exposure to equities, fixed income securities, collective investment schemes, ancillary liquid assets, bank deposits, money market instruments and money market funds, as well as indirect exposure to "alternative" investments.

The Fund invests directly or indirectly (through collective investment schemes, financial derivative instruments and structured products) in securities of issuers of any market capitalisation located anywhere in the world, including Emerging Markets. The Fund may have up to 40 % net long exposure directly or indirectly to equities and equity-related securities. The remaining net assets are normally invested directly or indirectly in debt securities (including lower rated or non-investment grade securities, defaulted debt securities, and convertible or contingent convertible securities as well as distressed debt securities) as well as, up to 10%, in "alternative" asset classes such as real estate, infrastructure and commodities. Investments in contingent convertible securities are limited to 5% of the Fund's net assets. Exposure to assets classes such as equities will be determined on a net basis, taking the combined value of long and short exposures across all equity markets. Gross absolute exposure to equities may therefore exceed 40%.

The Fund may use financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments include but are not limited to swaps (such as credit default swaps or total return swaps on equity, fixed income, currency or commodity related indices), forwards, futures contracts (including futures on equity indices and on government securities), as well as options (including covered calls). In this context, the Fund may seek exposure to, inter alia, commodities or real estate through the use of financial derivative instruments on eligible financial indices. The Fund may also invest in securities, cash-settled structured products or exchange traded notes where the security is linked to or derives its value from another security, index or currencies of any country.

In order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

Collective investment schemes into which the Fund may invest (limited to 10% of the Fund's net assets) may either be managed by Franklin Templeton or other asset managers.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 70% of the Fund's net assets, subject to a maximum of 120%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- medium-term capital appreciation and income with low volatility
- limited exposure to the growth opportunities offered through investment in equities

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Commodities Related Exposure risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Distressed Securities risk
- Dividend Policy risk
- Emerging Markets risk
- Liquidity risk
- Real Assets risk
- Securities Lending risk
- Securitisation risk
- Structured Notes risk
- Swap Agreements risk
- Underlying Investment Funds risk

Global Exposure

The Value-at-Risk approach (absolute VaR) is used to calculate the Global Exposure of the Fund.

The Expected Level of Leverage for the Fund should amount to 300%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

Franklin Templeton International Services S.à r.l. and Franklin Templeton Investment Management Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN DIVERSIFIED DYNAMIC FUND

Asset Class

Multi-Asset Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund's investment objective is to achieve long-term capital appreciation, targeting a yearly average return of 5% (net of fees) in excess of the Euro Interbank Offered Rate (EURIBOR) over a rolling three year period. The Fund aims to achieve its objective with an annualised

volatility ranging, under normal market conditions, between 8% and 11%. There is no guarantee that the Fund will achieve its return objective, nor that it will remain within the aimed-for volatility range.

Investment Policy

The Fund intends to achieve its objective by actively managing direct and indirect exposure to equities, fixed income securities, collective investment schemes, ancillary liquid assets, bank deposits, money market instruments and money market funds, as well as indirect exposure to "alternative" investments.

The Fund invests directly or indirectly (through collective investment schemes, financial derivative instruments and structured products) in securities of issuers of any market capitalisation located anywhere in the world, including Emerging Markets. The Fund may have up to 100% net long exposure directly or indirectly to equities and equity-related securities. The remaining net assets are normally invested directly or indirectly in debt securities (including lower rated or non-investment grade securities, defaulted debt securities, and convertible or contingent convertible securities as well as distressed debt securities) as well as up to 10% in "alternative" asset classes such as real estate, infrastructure and commodities. Investments in contingent convertible securities are limited to 5% of the Fund's net assets. Exposure to assets classes such as equities will be determined on a net basis, taking the combined value of long and short exposures across all equity markets. Gross absolute exposure to equities may therefore exceed 100%.

The Fund may use financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments include but are not limited to swaps (such as credit default swaps or total return swaps on equity, fixed income, currency or commodity related indices), forwards, futures contracts (including futures on equity indices and on government securities), as well as options (including covered calls). In this context, the Fund may seek exposure to, inter alia, commodities or real estate through the use of financial derivative instruments on eligible financial indices. The Fund may also invest in securities, cash-settled structured products or exchange traded notes where the security is linked to or derives its value from another security, index or currencies of any country.

In order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

Collective investment schemes into which the Fund may invest (limited to 10% of the Fund's net assets) may either be managed by Franklin Templeton or other asset managers.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 70% of the Fund's net assets, subject to a maximum of 120%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- long-term capital appreciation
- a higher level of volatility to maximise long-term returns

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Commodities Related Exposure risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Distressed Securities risk
- Dividend Policy risk
- Emerging Markets risk
- Liquidity risk
- Real Assets risk
- Securities Lending risk
- Securitisation risk
- Structured Notes risk
- Swap Agreements risk
- Underlying Investment Funds risk

Global Exposure

The Value-at-Risk approach (absolute VaR) is used to calculate the Global Exposure of the Fund.

The Expected Level of Leverage for the Fund should amount to 300%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

Franklin Templeton International Services S.à r.l. and Franklin Templeton Investment Management Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN EMERGING MARKET CORPORATE DEBT FUND

Asset Class

Fixed income Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's objective is to achieve income yield and long-term capital appreciation.

Investment Policy

The Fund seeks to achieve its investment objective by investing primarily in fixed and floating rate debt securities and debt obligations of any maturity or credit quality (which may include predominantly or even, exclusively, non-investment grade, low-rated and/or unrated securities), of (i) corporate issuers and (ii) government-related issuers (including but not limited to companies majoritarly owned by national or local governments or international organisations which are supported by several governments, including national and international development banks), which are located in emerging market countries and/or deriving a significant proportion of their economic activity from developing or emerging countries. The Fund may also invest in Money Market Instruments.

The Fund may for the purpose of hedging and/or efficient portfolio management utilise financial derivative instruments. The Fund may also, on an ancillary basis, utilise financial derivative instruments for investment purposes. These financial derivative instruments may be dealt in either on Regulated Markets or over-the-counter, and may include, *inter alia*, swaps (such as credit default swaps), forwards and cross currency forwards, futures contracts, as well as options. The Fund may also, in accordance with the investment restrictions, 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 country.

The Fund may also invest up to 20% of its net assets in distressed debt securities (i.e. (i) which are rated CCC or below by at least two ratings agencies, or if unrated their equivalent, and (ii) with a credit spread above 1,000 bps). However, most of the time, such exposure would result from passive situation where securities become distressed, due for example to a general decline or other adverse market, economic, political, or other conditions. For the purpose of the Fund's investment policy, distressed securities should be construed as (i) including defaulting debt securities and (ii) securities of companies that are, or are about to be, involved in reorganisations, financial restructurings, or bankruptcy. Investments in defaulted debt securities would not exceed 15% of the Fund's net assets. The Fund may purchase fixed income securities and debt obligations denominated in any currency, and may hold equity securities including warrants to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation. The Fund may also, on an ancillary basis, invest in convertible securities and contingent convertible securities (investments in contingent convertible securities will not exceed 5% of the Fund's net assets).

The Fund may invest up to 20% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct).

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- income yield and long-term capital appreciation by investing in emerging markets debt obligations of any kind
- invest for the medium to long term

Risk considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Derivative Instruments risk
- Distressed Securities risk
- Restructuring Companies risk
- Swap Agreements risk
- Warrants risk

Leverage

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investment Management Limited and Franklin Templeton Investments (ME) Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN EMERGING MARKET SOVEREIGN DEBT HARD CURRENCY FUND

Asset Class

Fixed income Fund

Base Currency

USD

Investment Objectives

The Fund's investment objective is to achieve income yield and long-term capital appreciation.

Investment Policy

The Fund invests at least 80% of its net assets, excluding ancillary liquid assets, bank deposits, money market instruments and money market funds, in the components of the J. P. Morgan Emerging Market Bond Index Global Diversified Index (the "Benchmark") at the time of purchase and will target opportunities for benchmark constrained debt securities and debt obligations of emerging markets sovereign and quasi-sovereign issuers. The Fund principally invests in fixed and floating rate debt securities and debt obligations of government and government related issuers as well as supranational entities organised or supported by several national governments which are reflected in the benchmark. The Fund may also invest in corporate issuers located in Emerging Market countries and deriving a significant proportion of their economic activity from developing or Emerging Market countries, including Mainland China through the Bond Connect or directly (also referred to as CIBM direct). Investments in Mainland China will not exceed 10% of the Fund's net assets. These securities will be denominated in hard currencies (i.e. currencies of developed economies including but not limited to EUR, GBP, USD, JPY and CHF).

The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments may be dealt in either on Regulated Markets or over-the-counter, and may include, inter alia, swaps (such as credit default swap, interest rate swaps and currency swaps), forwards and cross currency forwards, futures contracts, as well as options.

The Fund may also invest in credit-linked or index-linked (including inflation-linked) securities and structured products (such as collateralised debt obligations) where the security is linked to or derives its value from another security, or is linked to assets or one of the above-mentioned hard currencies.

The Fund may hold on an ancillary basis equity securities including warrants (as a result of a refinancing transaction or to the extent that such securities result from the conversion of debt obligations which represent proceeds from restructuring or bankruptcy) as well as contingent convertible securities (investments in contingent convertible securities will not exceed 5% of the Fund's net assets). The Fund may also invest in Money Market Instruments.

The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs (including ETFs).

The Fund is actively managed, and the Benchmark is used as a universe to select investments. Although the Investment Manager is constrained by the Benchmark in its portfolio positioning/composition, the Fund is not obliged to hold all of the Benchmark constituents and may invest up to 20% of its net assets, excluding ancillary liquid assets, bank deposits, money market instruments and money market funds, outside the Benchmark. The Investment Manager has complete discretion to deviate from the Benchmark's weightings.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- income yield and long-term capital appreciation by investing in securities components of the J. P. Morgan Emerging Market Bond Index Global Diversified Index (principally debt securities and debt obligations of emerging markets sovereign and quasi-sovereign issuers)
- invest for the medium to long term

Risk considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk

- Derivative Instruments risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Securitisation risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Frontier Markets risk
- Political and Economic risk
- Structured Notes risk
- Swap Agreements risk
- Warrants risk

Leverage

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investment Management Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN EMERGING MARKETS DEBT OPPORTUNITIES HARD CURRENCY FUND

Asset Class

Fixed income Fund

Base Currency

USD

Investment Objectives

The Fund's investment objective is to achieve income yield and long-term capital appreciation.

Investment Policy

The Fund seeks to achieve its investment objective by investing primarily in a diversified portfolio of fixed and floating rate debt securities and debt obligations that are issued by government and government related issuers as well as supranational entities organised or supported by several national governments and corporate issuers located in Emerging Market countries, and deriving a significant proportion of their economic activity from developing or Emerging Market countries, including Mainland China. These securities will be denominated in hard currencies (i.e. currencies of developed economies including but not limited to EUR, GBP, USD, JPY and CHF).

All investments in debt securities will, at time of purchase, be rated as B minus or above by Standard & Poor's or equivalent if rated by other ratings agencies. In this respect, if two different ratings are used, only the lesser will be considered and if three different ratings are used, then the lesser of the two better ratings will be considered. If unrated, securities must be declared to be of comparable quality by the Investment Manager.

The Fund may also utilise financial derivative instruments for hedging and efficient portfolio management. These financial derivative instruments may be dealt in either on Regulated Markets or over-the-counter, and may include, inter alia, swaps (such as credit default swap, interest rate swaps and currency swaps), forwards and cross currency forwards, futures contracts, as well as options.

The Fund may also invest in credit linked notes or structured products (such as collateralised debt obligations) where the security is linked to or derives its value from another security, or is linked to assets or one of the above-mentioned hard currencies.

The Fund may hold on an ancillary basis equity securities including warrants (as a result of a refinancing transaction or to the extent that such securities result from the conversion of debt obligations which represent proceeds from restructuring or bankruptcy) as well as contingent convertible securities (investments in contingent convertible securities will not exceed 5% of the Fund's net assets). The Fund may also invest in Money Market Instruments.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- income yield and long-term capital appreciation by investing in emerging markets debt obligations excluding securities rated below B minus
- invest for the medium to long term

Risk considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk

- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Securitisation risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Credit-Linked Securities risk
- Frontier Markets risk
- Political and Economic risk
- Structured Notes risk
- Swap Agreements risk
- Warrants risk

Leverage

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investment Management Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN EURO GOVERNMENT BOND FUND

Asset Class

Fixed Income Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund's investment objective is to maximise, consistent with prudent investment management, total investment return, consisting of a combination of interest income and capital appreciation.

Investment Policy

The Fund principally invests in investment grade obligations of government and government-related issuers as well as supranational entities located throughout the European Monetary Union (Eurozone countries).

In addition, in accordance with the investment restrictions, the Fund may invest in debt obligations of government, supranational and government-related issuers worldwide (including non-investment grade securities) with a maximum 15% combined limit for investments in securities issued by (i) non-European Monetary Union issuers and (ii) issuers with ratings of BB+ or below and Ba1 or below. The Fund may, in addition, invest in credit-linked securities or other structured products (such as mortgage- and asset-backed securities, including collateralised debt obligations) that derive their value from an index, security or currency.

The Fund employs a proprietary environmental, social and governance (ESG) rating methodology with the aim to avoid investment in issuers that are lagging in the transition to support a low-carbon economy. The Fund's Environmental and/or Social characteristics (within the meaning of Article 8 SFDR) promoted are detailed in the Appendix G.

The Fund may also utilise financial derivative instruments for hedging purposes and 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 and related swaps and forwards.

Such debt obligations shall be denominated in or hedged to euro. The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 8 of the SFDR
- maximise total investment return consisting of interest income and capital appreciation by investing in debt securities of government and government-related issuers from member countries of the European Monetary Union
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk

- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Market risk

Other risks that may be relevant to the Fund:

- Dividend Policy risk
- Liquidity risk
- Securities Lending risk
- Securitisation risk
- Sustainability risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investment Management Limited and Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN EURO HIGH YIELD FUND

Asset Class

Fixed Income Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund's principal investment objective is to earn a high level of current income. As a secondary objective, the Fund seeks capital appreciation, but only when consistent with its principal objective.

Investment Policy

The Fund seeks to achieve its objectives by investing principally, either directly or through the use of financial derivative instruments, in fixed income debt securities of European or non-European issuers. The Fund will have an allocation to fixed income securities of at least 75%. These financial derivative instruments may include, inter alia, swaps such as credit default swaps or fixed income related total return swaps, forwards, futures contracts, as well as options on such contracts either dealt on Regulated Markets or over-the-counter. The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. The Fund principally invests in euro-denominated or non-euro denominated euro-hedged, fixed income debt securities with non-investment grade ratings, or if unrated, their equivalent. The Investment Managers attempt to avoid excessive risk by performing independent credit analyses of issuers and by diversifying the Fund's investments among different issuers.

The Fund employs a proprietary environmental, social and governance (ESG) rating methodology to evaluate the securities that may be potential investments for the Fund. The Fund's Environmental and/or Social characteristics (within the meaning of Article 8 SFDR) promoted are detailed in the Appendix G.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may also, temporarily or on an ancillary basis, seek investment opportunities in any other types of euro-denominated securities such as government securities, preferred stock, common stock and other equity linked securities, warrants and securities and bonds convertible into common stock. The Fund may invest up to 10% of its net assets in credit-linked securities, which the Investment Managers may use as a means to invest more rapidly and efficiently in certain segments of the high yield, bank loan and investment grade debt markets. The Fund may also invest up to 10% of its net assets in securities in default. In addition, the Fund may also invest on an ancillary basis in convertible securities and contingent convertible securities (investments in contingent convertible securities will not exceed 5% of the Fund's net assets)¹.

The name of the Fund reflects the base currency of the Fund being in euro, and does not necessarily imply that any particular proportion of the Fund's net invested assets are made in euro.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 8 of the SFDR
- earn a high level of income, and to a lesser extent, some capital appreciation in a Fund having the euro as its base currency and

¹ As from 9 March 2023, this last sentence will be amended as follows: "In addition, the Fund may also invest on an ancillary basis in convertible securities and contingent convertible securities (investments in contingent convertible securities will not exceed 10% of the Fund's net assets)."

- investing in euro-denominated high-yield fixed income securities
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Dividend Policy risk
- Floating Rate Corporate Investment risk
- Foreign Currency risk
- Restructuring Companies risk
- Securities Lending risk
- Securitisation risk
- Sustainability risk
- Swap Agreements risk
- Warrants risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investment Management Limited and Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN EURO SHORT DURATION BOND FUND

Asset Class

Fixed Income Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund's investment objective is to maintain a degree of capital preservation and liquidity, whilst maximising total returns and income.

Investment Policy

The Fund seeks to achieve its objective by investing primarily in short dated fixed and floating-rate debt securities and debt obligations of European sovereign and corporate issuers as well as euro-denominated debt of non-European corporate issuers that are rated investment grade or if unrated, of comparable quality. The Fund may hold a maximum of 10% in low-rated, non-investment grade and defaulted debt securities, or if unrated, of comparable quality. The Fund may, in addition, invest in credit-linked securities or other structured products (such as mortgage- and asset-backed securities, including collateralised debt obligations as well as collateralised loan obligations) that derive their value from an index, security or currency.

The Fund employs a proprietary environmental, social and governance (ESG) rating methodology with the aim to avoid investment in issuers that are lagging in the transition to support a low-carbon economy. The Fund's Environmental and/or Social characteristics (within the meaning of Article 8 SFDR) promoted are detailed in the Appendix G.

The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments may be either dealt on Regulated Markets or over-the-counter, and may include, inter alia, swaps (such as interest rate swaps, currency swaps, credit default swaps and total return swaps on fixed income including loan indices), forwards and cross currency forwards, futures contracts, as well as options on such instruments.

The Fund may also, on an ancillary basis, invest in convertible securities and contingent convertible securities (investments in contingent convertible securities will not exceed 5% of the Fund's net assets).

The Fund intends to purchase fixed and floating-rate securities with debt obligations denominated in euros and a maximum of 10% in non-euro denominated currencies.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 5% of the Fund's net assets, subject to a maximum of 10%.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 8 of the SFDR
- maintain liquidity, maximising total returns and income
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Market risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Dividend Policy risk
- Foreign Currency risk
- Liquidity risk
- Securities Lending risk
- Securitisation risk
- Sustainability risk
- Swap Agreements risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investment Management Limited and Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN EUROPEAN CORPORATE BOND FUND**Asset Class**

Fixed Income Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund's investment objective is to maximise, consistent with prudent investment management, total investment return through a combination of interest income and capital appreciation.

Investment Policy

The Fund seeks to achieve its objective by investing principally in investment-grade fixed or floating-rate debt securities of European corporate issuers and euro-denominated debt securities of non-European corporate issuers.

The Fund employs a proprietary environmental, social and governance (ESG) rating methodology with the aim to avoid investment in issuers that are lagging in the transition to support a low-carbon economy. The Fund's Environmental and/or Social characteristics (within the meaning of Article 8 SFDR) promoted are detailed in the Appendix G.

The Fund may also utilise certain financial derivative instruments for hedging, efficient portfolio management and investment purposes. 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, total return swaps on fixed income including loans indices), forward and cross forwards, futures contracts, as well as options. Use of these financial derivative instruments may result in negative exposures in a specific yield curve/duration or currency. The Fund may in addition, in accordance with the investment restrictions, invest in credit-linked securities or other structured products (such as mortgage- or other asset-backed securities and collateralised debt obligations as well as collateralised loan obligations) that derive their value from another European-related index, security or currency. The Fund principally invests in fixed income debt securities either denominated in euro or, if denominated in another currency, hedged into euro.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may also, for defensive purposes or on an ancillary basis, seek investment opportunities in other types of securities including but not limited to

government debt securities, supranational entities organised or supported by several national governments, non-investment grade debt securities, bonds convertible into common stock, preferred stock and warrants. In addition, the Fund may also invest on an ancillary basis in convertible securities and contingent convertible securities (investments in contingent convertible securities will not exceed 5% of the Fund's net assets).

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 5% of the Fund's net assets, subject to a maximum of 10%.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 8 of the SFDR
- total investment return through a combination of interest income and capital appreciation
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Dividend Policy risk
- Securities Lending risk
- Securitisation risk
- Structured Notes risk
- Sustainability risk
- Swap Agreements risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investment Management Limited and Franklin Templeton Institutional, LLC

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN EUROPEAN SOCIAL LEADERS BOND FUND

Asset Class

Fixed Income Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund's investment objective is to deliver positive social outcomes by promoting social equality, and to achieve a total return of income and capital growth by investing predominantly in a portfolio of social bonds.

Investment Policy

The Fund seeks to achieve its investment objective by investing at least 75% of its net assets in bonds that are labelled as "social" as set out below, with up to 25% of its net assets in bonds deemed by the Investment Manager to be supportive of a positive social outcome referred to below as "Social Champions". The strategy employs fundamental, bottom-up research analysis with a focus on eligible "social" bonds having received credit approval by the Investment Manager.

"Social" bonds are debt instruments whose proceeds are used to partially or fully finance or pre-finance new and or existing projects that provide clear social benefits such as positively contributing to reducing social inequalities relating to poverty, gender, race and/or employment. The Investment Manager employs a proprietary environmental, social and governance ("ESG") methodology to assess whether the proceeds of the social bond(s) are supportive of mitigating specific social issue(s) and/or provide clear and identifiable social benefits. The methodology

uses a combination of external and internal data inputs to determine the eligibility of the social bonds, reviewing, inter alia, the social project categories to which the social bond principles are associated, the targeted population benefiting from the positive socio-economic outcomes as well as the adherence of the issuer to principles developed by certain social bond assessment framework such as, International Capital Market Association (ICMA - www.icmagroup.org).

Bonds that are not labelled as "social" but are nonetheless issued by entities that are mainly involved in socially sustainable activities, including those linked to UN Sustainable Development Goals ("SDG") are deemed eligible for investment by the Fund if such issuers meet internal 'Social Champion' criteria. Social Champions are issuers which prove strong alignment to more than two selected SDG.

The Fund further employs its ESG rating methodology with the aim to avoid investment in issuers that are lagging in the transition to support a low-carbon economy, excluding bottom 20% of the Fund's investable universe. The Fund's sustainable investment objective (within the meaning of Art 9 SFDR), the investment strategy and additional ESG exclusions the Fund applies are detailed in the Appendix G.

The bonds in which the Fund will invest may be issued with any duration, have both fixed and floating rates and be issued by both corporate and governmental issuers worldwide, including emerging markets, or by REITs. The Fund does not intend to invest more than 10% of net assets in debt securities rated below investment grade. Governmental issuers include government agencies and quasi sovereigns. Any non-Euro currency exposure in the Fund will be hedged back to EUR.

The Investment Manager can selectively add or reduce duration exposure in specific countries depending on economic fundamentals, interest rate outlook, monetary policy, geo-political trends as well as fiscal policy.

The Fund may invest in collateralised debt obligations ("CDOs") and collateralised loan obligations ("CLOs"), as well as other mortgage- and asset-backed securities, hybrid and convertible securities including credit linked securities (such as credit-linked notes and options), perpetual bonds and contingent convertible securities, each subject to a maximum of 5% of its net assets and subject to an aggregate maximum limit of 20% of the Fund's net assets. CDOs, CLOs, mortgage- and asset-backed securities and perpetual bonds will not embed derivatives or generate leverage. Hybrid and convertible securities including credit linked securities may embed derivatives and, therefore, generate leverage.

The Fund may also utilise financial derivative instruments for hedging and efficient portfolio management purposes. These financial derivative instruments may be either dealt on Regulated Markets or over-the-counter, and may include, inter alia, swaps (such as interest rate swaps, credit default swaps and fixed income related total return swaps), interest rate futures and forward foreign currency exchange contracts (both deliverable and non-deliverable) and options (options on rate futures, options on rate swaps and options on credit default swaps).

The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs (including ETFs).

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 5% of the Fund's net assets, subject to a maximum of 10%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 9 of the SFDR
- achieve positive social contribution through investment in European social bonds while maximising total returns
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Market risk
- Sustainability risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Dividend Policy risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Securitisation risk
- Swap Agreements risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investment Management Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN EUROPEAN TOTAL RETURN FUND

Asset Class

Fixed Income Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund's investment objective is to maximise, consistent with prudent investment management, total investment return consisting of a combination of interest income, capital appreciation, and currency gains.

Investment Policy

The Fund seeks to achieve its objective by investing in a portfolio of fixed and floating-rate debt securities and debt obligations of governments, government-related or corporate issuers with registered office in Europe and in euro-denominated securities of non-European issuers.

The Fund employs a proprietary environmental, social and governance (ESG) rating methodology with the aim to avoid investment in issuers that are lagging in the transition to support a low-carbon economy. The Fund's Environmental and/or Social characteristics (within the meaning of Article 8 SFDR) promoted are detailed in the Appendix G.

The Fund may also, in accordance with the investment restrictions, invest in securities or structured products (such as collateralised debt obligations as well as collateralised loan obligations) where the security is linked to or derives its value from another security, linked to assets or currencies of any European country. More specifically, the Fund may purchase debt obligations issued by governments and supranational entities organised or supported by several national governments.

The Fund may also purchase mortgage- and asset-backed securities and convertible bonds. The Fund may also utilise certain financial derivative instruments for hedging purposes and efficient portfolio management. These financial derivative instruments may be dealt on Regulated Markets or over-the-counter, and may include index-based financial derivatives, credit default swaps and total return swaps on fixed income including loan indices, forwards or futures contracts, or options on such contracts, including those on European government bonds. The net assets of the Fund shall primarily (e.g. at least two-thirds of the net assets without taking into account ancillary liquid assets) be invested in securities or financial derivative instruments based on securities of European issuers and in euro-denominated securities of non-European issuers.

The Fund may invest in investment-grade and non-investment grade debt securities, including high-yield corporate debt, private placements, global bonds and currencies of Emerging Market countries, of which up to 10% of the Fund's net assets may be in securities in default. The Fund may also, on an ancillary basis, invest in convertible securities and contingent convertible securities (investments in contingent convertible securities will not exceed 5% of the Fund's net assets).

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 5% of the Fund's net assets, subject to a maximum of 20%.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 8 of the SFDR
- a high level of income and capital preservation, and to a lesser extent, capital growth by investing in fixed income securities and derivative instruments from European governments or corporate issuers
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Market risk

Other risks that may be relevant to the Fund:

- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Dividend Policy risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Securities Lending risk
- Structured Notes risk

- Sustainability risk
- Swap Agreements risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investment Management Limited and Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN FLEXIBLE ALPHA BOND FUND

Asset Class

Fixed Income Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's principal investment objective is to seek total return through a combination of current income and capital appreciation in excess of the FTSE 3-Month US Treasury Bill Index over a full market cycle (being a period of time that spans a full business and economic cycle, which may include periods of rising and declining interest rates).

Investment Policy

The Fund seeks to achieve its objectives by providing attractive risk-adjusted returns over a full market cycle by allocating its portfolio across a wide range of fixed and floating-rate debt securities and debt obligations of any maturity or credit rating (including investment grade, non-investment grade, low-rated, unrated securities and securities in default) of corporate and sovereign issuers worldwide.

In managing the Fund, the Investment Manager seeks to generate returns from various sources, other than solely from interest rates, by allocating the Fund's portfolio across various risks (such as credit, currency, municipal and duration risks) and a wide area of debt securities in terms of country, sector, quality, maturity or duration (without reference to a benchmark index as is the case with most traditional fixed income funds). The Fund's portfolio may therefore include high yield ("junk") bonds, preferred securities and structured products such as mortgage-backed securities (including commercial and residential mortgage as well as collateralised mortgage obligations), asset-backed securities (backed by loans, leases or receivables), collateralised debt obligations (including collateralised loan obligations), and credit-linked or index-linked (including inflation-linked) securities that derive their value from an underlying asset or index. The Fund may engage in mortgage dollar roll transactions.

The Fund may engage in active and frequent trading as part of its investment strategies and, at any given time, may have a substantial amount of its assets invested in any class of debt securities. The Fund's weighted average portfolio duration may range from -2 to +5 years, as calculated by the Investment Manager, depending on the Investment Manager's forecast of interest rates and assessment of market risk generally.

The Fund regularly invests in currencies and currency related transactions involving financial derivative instruments. The Fund may maintain significant positions in currencies and currency related financial derivative instruments as a hedging technique or to implement a currency investment strategy, which could expose a large amount of the Fund's net assets to obligations under these instruments.

The Fund uses various financial derivative instruments for hedging, efficient portfolio management and investment purposes. 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 and interest rate 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 order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

The Fund may take long and synthetic short positions in relation to fixed income and currencies. Long positions benefit from an increase in the price of the underlying instrument or asset class, while short positions benefit from a decrease in that price.

The Fund may also, temporarily or on an ancillary basis, invest in distressed debt securities (securities of companies that are, or are about to be, involved in reorganisations, financial restructurings, or bankruptcy), convertible securities or contingent convertible securities (investments in contingent convertible securities will not exceed 5% of the Fund's net assets). Investments in defaulted debt securities would, under normal market conditions, typically represent no more than 10% of the Fund's net assets. The Fund may also invest (i) up to 10% of its net assets in units of UCITS and other UCIs and (ii) up to 10% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct).

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 11% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- income and capital appreciation by investing in wide range of fixed income securities and financial derivative instruments

- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Foreign Currency risk
- Securitisation risk
- Market risk
- Liquidity risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Distressed Securities risk
- Dividend Policy risk
- Floating Rate Corporate Investment risk
- Inflation-Indexed Securities risk
- Restructuring Companies risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure

The Value-at-Risk approach (absolute VaR) is used to calculate the Global Exposure of the Fund.

The Expected Level of Leverage for the Fund should amount to 200%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN GULF WEALTH BOND FUND

Asset Class

Fixed Income Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to maximise, consistent with prudent investment management, total investment return consisting of a combination of interest income, capital appreciation and currency gains in the long term.

Investment Policy

The Fund seeks to achieve its objective by investing primarily in fixed or floating-rate debt securities and obligations issued by government, government-related or corporate entities located in Gulf Cooperation Council (GCC) member countries. The fund may also purchase fixed or floating-rate debt securities and obligations issued by entities based in the wider Middle East and North Africa regions as well as supranational entities organised by several national governments, such as the International Bank for Reconstruction and Development.

The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. 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 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 accordance with the investment restrictions, the Fund may 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 country. Structured products include Sukuk, such as Ijara, Wakala, Murabaha, Mudharaba, Musharaka or a combination of two such structures (hybrid Sukuk), which under normal market conditions, may represent 10% to 30% of the fund's net assets. The Fund may also purchase mortgage- and asset-backed securities and convertible bonds.²

² As from 9 March 2023, this sentence will be amended as follows: "*The Fund may also purchase mortgage- and asset-backed securities, convertible bonds and contingent convertible securities (investments in contingent convertible securities will not exceed 10% of the Fund's net assets).*"

The Fund may invest in investment-grade and non-investment grade debt securities issued by issuers in GCC countries including securities in default. The fixed income securities and debt obligations purchased by the Fund may be 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 make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 20% of the Fund's net assets, subject to a maximum of 40%.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- total investment return consisting of interest income, capital appreciation and currency gains by investing in debt securities of issuers located in GCC, Middle East and North Africa countries and
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Credit risk
- Debt Securities risk
- Emerging Markets risk
- Market risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Counterparty risk
- Credit-Linked Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Foreign Currency risk
- Liquidity risk
- Securities Lending risk
- Securitisation risk
- Structured Notes risk
- Sukuk Investment risk
- Swap Agreements risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investments (ME) Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN GENOMIC ADVANCEMENTS FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund invests principally in equity securities of companies that are relevant to the Fund's investment theme of genomic advancements. Equity securities generally entitle the holder to participate in a company's general operating results. While the Fund invests predominantly in common stocks, it could also invest in preferred stock, convertible securities and warrants on securities.

Companies relevant to the Fund's investment theme of genomic advancements are those that the Investment Manager believes are substantially focused on and/or are expected to substantially benefit from extending and enhancing the quality of human and other life (e.g., animals) by incorporating technological and scientific developments, improvements and advancements in the field of genomics into their business, such as by offering new products or services that rely on genetic engineering, gene therapy, genome analysis, DNA sequencing, synthesis or instrumentation. These companies may include those that research, develop, produce, manufacture or significantly rely on or enable bionic

devices, bio-inspired computing, bioinformatics, molecular medicine and diagnostics, pharmaceuticals and agricultural applications of genomics, and related equipment, techniques and processes.

In pursuing the Fund's investment theme, the Investment Manager may invest in companies in any economic sector or of any market capitalization and may invest in companies both inside and outside of the United States, including those in developing or emerging markets. Although the Fund may invest across economic sectors, the Fund concentrates its investments in health care related industries. The Fund is a "non-diversified" fund, which means it generally invests a greater proportion of its assets in the securities of one or more issuers and invests overall in a smaller number of issuers than a diversified fund.

While the Fund invests, under normal market conditions, at least 80% of its net assets in equity securities, the Fund can seek investment opportunities in other types of securities including but not limited to debt and fixed income securities (which may include all varieties of fixed and floating-rate income securities of any maturity or quality of corporate issuers worldwide), as well as up to 10% of its net assets in open and closed-end UCIs (including exchange traded funds).

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- achieve capital appreciation by investing in equity securities of companies operating within health care related industries
- invest for the medium to long term

Risk Considerations

The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

Principal risks to the Fund's investment policy:

- Concentration risk
- Market risk
- Thematic Investing risk

Other risks that may be relevant to the Fund:

- Convertible and Hybrid Securities risk
- Class Hedging risk
- Credit risk
- Debt Securities risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Liquidity risk
- Smaller and Midsize Companies risk
- Warrants risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL AGGREGATE BOND FUND

Asset Class

Fixed Income Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's principal investment objective is to maximise, consistent with prudent investment management, total investment return, consisting of a combination of interest income and capital appreciation.

Investment Policy

The Fund seeks to achieve its objective by investing principally in fixed or floating-rate debt securities issued by governments, government-related entities (including supranational organisations supported by several national governments) and corporations worldwide. The Fund invests mainly in investment-grade securities, but may invest up to 30% in non-investment grade securities and may also invest in Emerging Market debt securities.

The Fund employs a proprietary environmental, social and governance (ESG) rating methodology with the aim to avoid investment in issuers that are lagging in the transition to support a low-carbon economy. The Fund's Environmental and/or Social characteristics (within the meaning of Article 8 SFDR) promoted are detailed in the Appendix G.

The Fund may, in addition, in accordance with the investment restrictions, invest in credit-linked securities or other structured products (such as mortgage- and asset-backed securities, including collateralised debt obligations as well as collateralised loan obligations) that derive their

value from an index, security or currency. The Fund may also participate in mortgage dollar roll transactions. The Fund may invest up to 10% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct).

The Fund may also utilise certain financial derivative instruments for hedging, efficient portfolio management and investment purposes. 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 and total return swaps on fixed income including loan indices), forwards and cross forwards, futures contracts, as well as options. Use of financial derivative instruments will not exceed 75% of the Fund's net assets.

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 including, but not limited to, UCIs, bonds convertible into common stock, preferred stock and warrants.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 5% of the Fund's net assets, subject to a maximum of 20%.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 8 of the SFDR
- interest income and capital appreciation by investing in a diversified global fixed income product
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Emerging Markets risk
- Liquidity risk
- Securities Lending risk
- Securitisation risk
- Structured Notes risk
- Sustainability risk
- Swap Agreements risk
- Warrants risk

Global Exposure

The Value-at-Risk approach (absolute VaR) is used to calculate the Global Exposure of the Fund.

The Expected Level of Leverage for the Fund should amount to 50%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

Franklin Templeton Investment Management Limited and Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL CONVERTIBLE SECURITIES FUND³

Asset Class

Balanced Fund

Base Currency

US dollar (USD)

³ This Fund has been closed to subscriptions received from new and existing investors since December 9, 2020 and until further decision of the Board of Directors.

Investment Objectives

The Fund's investment objective is to maximise total return, consistent with prudent investment management, by seeking to optimise capital appreciation and current income under varying market conditions.

Investment Policy

The Fund seeks to achieve its investment objectives by investing primarily in convertible securities (including investment grade, non-investment grade, low-rated and unrated securities) of corporate issuers globally, and common stock received upon conversion of convertible securities. The Fund may also invest in other securities, such as common or preferred stocks and non-convertible debt securities (including investment grade, non-investment grade, low rated and unrated securities). The Fund may continue to hold securities subsequent to issuer default. A convertible security is generally a debt security or preferred stock that may be converted within a specified period of time into common stock of the same or a different issuer. By investing in convertible securities, the Fund seeks the opportunity to participate in the capital appreciation of underlying stocks, while at the same time relying on the fixed income aspect of the convertible securities to provide current income and reduced price volatility. The Fund may also utilise certain financial derivative instruments for currency hedging, efficient portfolio management and investment purposes. These financial derivative instruments may be either dealt on Regulated Markets or over-the-counter, and may include, inter alia, forwards and cross forwards as well as options. 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. The Fund may also invest 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. The Fund may also invest up to 10% of its net assets in securities in default and up to 10% of its net assets in units of UCITS and other UCIs.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation and current income by investing in convertible securities of corporate issuers around the world
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Convertible and Hybrid Securities risk
- Credit risk
- Debt Securities risk
- Foreign Currency risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Counterparty risk
- Derivative Instruments risk
- Securities Lending risk
- Structured Notes risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL CORPORATE INVESTMENT GRADE BOND FUND**Asset Class**

Fixed Income Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's principal investment objective is to maximise total investment return, consisting of a combination of interest income and capital appreciation.

Investment Policy

The Fund seeks to achieve its objective by investing principally in a diversified portfolio of fixed and floating-rate debt securities of corporate issuers globally. For the purpose of this Fund, debt securities may include bonds, notes, commercial paper, preferred securities (including trust-preferred securities), hybrid bonds, private placement securities, as well as Covered Bonds. The Fund invests mainly in investment-grade securities, but may invest up to 20% in non-investment grade securities.

The Fund may also invest in aggregate up to 20% of its net assets in structured products, such as mortgage-backed securities, asset-backed securities, commercial and residential mortgage-backed securities, collateralised debt obligations as well as collateralised loan obligations.

The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. 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, interest rate swaps and total return swaps on loans and fixed income related indices), currency forwards and cross forwards, interest rate futures and futures contracts, 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 is dependent on the price of their underlying instruments and these prices may go up or down.

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 credit-linked securities, debt securities of non-corporate issuers (including sovereign, supranational organisations supported by several national governments), government and municipal bonds, contingent convertible securities, bonds convertible into common stock, preferred stock, common stock and other equity-linked securities. The Fund may also invest up to 10% of its net assets in open and closed-end UCIs (including exchange traded funds).

In order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

The Fund may make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 10% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- interest income and capital appreciation by investing in investment-grade debt securities of corporate issuers globally
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Floating Rate Corporate Investment risk
- Frontier Markets risk
- Political and Economic risk
- Securitisation risk
- Structured Notes risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investment Management Limited and Franklin Templeton Institutional, LLC

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL FUNDAMENTAL STRATEGIES FUND

Asset Class

Balanced Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to seek capital appreciation through a diversified approach. Its secondary objective is to seek income.

Investment Policy

The Fund generally invests in equity securities of companies of any market capitalisation located anywhere in the world, including Emerging Markets, as well as fixed and floating-rate debt securities and debt obligations issued by government, government-related and corporate entities worldwide, as well as 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 in addition invest in low-rated and non-investment grade securities of various issuers, in fixed or floating-rate securities, either directly or through regulated investment funds (subject to the limits indicated below). The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. 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 or equity and 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 linked to assets or currencies of any country. The Fund may invest up to 10% of its net assets in units of UCITS and other UCIs. The Fund will not invest more than 10% of its net assets in mortgage- and asset-backed securities.

The Fund makes an allocation of its net assets between four different investment strategies followed by independent investment management groups within or affiliated with Franklin Templeton, with the aim to maintain an equal weight to (i) two global equity strategies (representing approximately 60% of the portfolio in aggregate) and (ii) two global fixed income strategies (representing approximately 40% of the portfolio in aggregate), subject to appropriate monitoring and rebalancing. Such investment strategies are already followed broadly by Franklin Templeton in respect of certain of its registered funds.

In relation to the equity strategies, the Fund focuses on securities of companies that are leaders in innovation, take advantage of new technologies, have superior management and benefit from new industry conditions in the dynamically changing global economy, as well as on equity securities of companies located anywhere in the world, including Emerging Markets.

In relation to the fixed income strategies, the Fund focuses on fixed and floating-rate debt securities of government, government-related or corporate issuers across the world, as well as on convertible debt securities or contingent convertible securities (investments in contingent convertible securities will not exceed 5% of the Fund's net assets), and financial derivative instruments providing exposure to debt securities, interest rates, currencies and indices (including fixed income and commodity indices).

The Fund may invest up to 30% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct) and up to 10% of its net assets in China A-Shares (through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect) and in China B-Shares.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 5% of the Fund's net assets, subject to a maximum of 20%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation and current income by investing in a diversified portfolio of equity and debt securities worldwide and benefiting from 4 investment strategies
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Convertible and Hybrid Securities risk
- Liquidity risk
- Multi-Manager risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton International Services S.à r.l.

The Investment Manager has delegated, under its responsibility, all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund to Franklin Advisers, Inc., Templeton Global Advisors Limited and Brandywine Global Investment Management, LLC, which act as sub-investment managers.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL GREEN BOND FUND**Asset Class**

Fixed Income Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund's investment objective is to contribute to mitigate, and to adapt to, the adverse impacts of climate change and to achieve a total return of income and capital growth by investing predominantly in portfolio of green bonds.

Investment Policy

The Fund seeks to achieve its investment objective by investing at least 75% of its net assets in bonds that are labelled as "green" as set out below, with up to 25% of its net assets in bonds deemed by the Investment Managers to be supportive of a low-carbon future, or supportive of the Paris Climate Agreement using the ESG criteria set out below. The strategy employs fundamental, bottom-up research analysis with a focus on eligible "green" bonds, each investment having received credit approval by the Investment Managers.

"Green" bonds are debt instruments whose proceeds are used to partially or fully finance or pre-finance new and / or existing climate-aligned projects that have a beneficial impact on the environment. The Investment Managers employ a proprietary environmental, social and governance ("ESG") methodology to assess whether bond issuers (i) support the transition to a low-carbon future, (ii) are supported by an appropriate governance structure and (iii) display good operational environmental management. The methodology uses a combination of external and internal data inputs to determine the eligibility of the "green" bonds. In this respect, in selecting investments, the Investment Managers can either rely on a positive second party opinion (SPO) or apply their proprietary ESG methodology to assess compliance with the aforementioned criteria and in particular consider whether the bond issuer is supportive of the transition to a low carbon future or supportive of the Paris Climate Agreement, as well as consider adherence of the bond issuer to principles developed by certain green bond assessment framework such as, International Capital Market Association (ICMA - www.icmagroup.org).

Satisfying the above ESG assessment criteria, bonds that are not labelled as "green" but are nonetheless financing solutions that contribute to a low-carbon future or supportive of the Paris Climate Agreement while at the same time reducing their own carbon intensity are deemed eligible for investment by the Fund for up to 25% of the Fund's portfolio.

Whether a bond is labelled as green or not, the Investment Managers will work with issuers to establish a baseline level of post-issuance reporting from the issuers to enable the Investment Managers to track project progress. Such post-issuance reporting primarily includes environmental impact reporting, in addition to more standard financial reporting and qualitative assessments on environmental practices. Standardised metrics which facilitate this reporting, include annual energy savings, greenhouse gas emission reductions, renewable energy produced or capacity added.

The Fund's sustainable investment objective (within the meaning of Art 9 SFDR), the investment strategy and additional ESG exclusions the Fund applies are detailed in the Appendix G.

The bonds in which the Fund invests may be issued with any duration, have both fixed and floating rates and be issued by both corporate and governmental issuers worldwide, including emerging markets, or by REITs. The Fund may invest up to 10% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct). The Fund does not intend to invest more than 30% of net assets in debt securities rated below investment grade. Governmental issuers include government agencies and quasi sovereigns. The majority of non-Euro currency exposure of the Fund will be hedged back to EUR.

The Investment Managers can selectively add or reduce duration exposure in specific countries depending on economic fundamentals, interest rate outlook, monetary policy, geo-political trends as well as fiscal policy.

The Fund may invest in collateralised debt obligations ("CDOs") and collateralised loan obligations ("CLOs"), as well as other mortgage- and asset-backed securities, hybrid and convertible securities including credit linked securities (such as credit-linked notes and options), perpetual bonds and contingent convertible securities, each subject to a maximum of 5% of its net assets and subject to an aggregate maximum limit of 20% of the Fund's net assets. CDOs, CLOs, mortgage- and asset-backed securities and perpetual bonds will not embed derivatives or generate leverage. Hybrid and convertible securities as well as credit linked securities may embed derivatives and, therefore, leverage.

The Fund may also utilise financial derivative instruments for hedging and efficient portfolio management purposes. These financial derivative instruments may be either dealt on Regulated Markets or over-the-counter, and may include, inter alia, swaps (such as interest rate swaps, credit default swaps and fixed income related total return swaps), interest rate futures and forward foreign currency exchange contracts (both deliverable and non-deliverable) and options (options on rate futures, options on rate swaps and options on credit default swaps).

The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs (including ETFs).

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 5% of the Fund's net assets, subject to a maximum of 10%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 9 of the SFDR
- contribute to climate change mitigation and climate change adaptation by providing exposure to the global green bond market whilst maximising total investment return
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Market risk
- Sustainability risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Dividend Policy risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Securitisation risk
- Swap Agreements risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investments (ME) Limited and Franklin Templeton Investment Management Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL GROWTH FUND**Asset Class**

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund seeks to achieve its objective by investing in equity and equity-related transferable securities (including equity-linked notes, such as participatory notes) across the world. The Fund's exposure to various industries, 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 efficient portfolio management, which may include, inter alia, swaps such as credit default swaps, forwards, futures contracts, as well as options on such contracts either dealt on Regulated Markets or over-the-counter.

The Fund's Investment Manager employs a disciplined, bottom-up investment approach to identify attractive investment opportunities that have higher expected revenue and earnings growth than their peers. The Investment Manager uses a growth investment style and in-depth, fundamental research to identify high-quality companies, across all industry groups, with sustainable business models that offer the most attractive combination of growth, quality and valuation. The Fund invests in equity securities in developed and Emerging Markets, generally in companies with a market capitalisation around or greater than USD 2 billion. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.

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

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in securities across sectors or market capitalisation ranges capable of outperforming the markets through economic cycles in developed and emerging markets globally
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Counterparty risk
- Derivative Instruments risk
- Equity risk
- Non-Regulated Markets risk
- Participatory Notes risk
- Securities Lending risk
- Smaller and Midsize Companies risk
- Swap Agreements risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Institutional, LLC

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL INCOME FUND

Asset Class

Balanced Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to maximise income while maintaining prospects for capital appreciation.

Investment Policy

The Fund invests in a diversified portfolio of debt and equity securities worldwide, including those in Emerging Markets. The Fund may shift its investments from one asset class to another based on the Investment Manager's analysis of the best opportunities in a given market or sector taking into account both bottom-up fundamental security analysis and top-down considerations such as interest rates, inflation, commodity prices, credit cycle and other macro-economic factors.

Equity securities generally entitle the holder to participate in a company's general operating results. In its search for growth opportunities, the Fund invests in common stocks of companies from a variety of industries such as utilities, oil, gas, real estate and consumer goods, but from time to time, based on economic conditions, the Fund may have significant investments in particular sectors. Equity securities also include preferred stocks, REITs, equity-linked notes and equity securities resulting from the conversion of debt securities.

Debt securities represent an obligation of the issuer to repay a loan of money, and generally provide for the payment of interest. These include long and short-term, fixed and floating rate debt securities, secured and unsecured bonds, mortgage and other asset-backed securities (limited to 10% of the Fund's net assets, including collateralised mortgage obligations as well as residential and commercial mortgage-backed securities), bonds convertible into common stock, notes and debentures.

The Fund seeks income by selecting investments such as corporate, US Treasury and non-US government bonds, stocks with attractive dividend yields, as well as structured notes linked to individual securities or indexes. The Fund may invest up to 100% of its net assets in below investment grade debt securities (also known as "junk bonds"). The Fund may also invest up to 20% of its net assets in distressed debt securities (i.e. (i) which are rated CCC or below by at least two ratings agencies, or if unrated their equivalent, and (ii) with a credit spread above 1,000 bps). For the purpose of the Fund's investment policy, distressed securities should be construed as (i) including defaulting debt securities and (ii) securities of companies that are, or are about to be, involved in reorganisations, financial restructurings, or bankruptcy. Investments in defaulted debt securities would not exceed 10% of the Fund's net assets. Generally, lower rated securities offer higher yields than more highly rated securities to compensate investors for the higher risk. Further information is contained in the section "Risk Considerations".

The Investment Manager searches for undervalued or out-of-favour securities it believes offer opportunities for income today and significant growth tomorrow. It performs independent analysis of the securities being considered for the Fund's portfolio, rather than relying principally on the ratings assigned by rating agencies. In its analysis, the Investment Manager considers a variety of factors, including:

- the experience and managerial strength of the company;
- responsiveness to changes in interests and business conditions;
- debt maturity schedules and borrowing requirements;
- the company's price/earnings ratio, profit margins and liquidation value;
- the company's changing financial condition and market recognition of the change; and
- a security's relative value based on such factors as anticipated cash flow, interest or dividend coverage, asset coverage, and earnings prospects.

The Fund may use financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments could include but are not limited to swaps (such as total return swaps on fixed income, equity and equity-related securities and indices of the same, credit default swaps and interest rate swaps), forwards, futures contracts as well as options. In this context, the Fund may seek exposure to, inter alia, commodities, financial indices and other eligible instruments through the use of financial derivative instruments, cash-settled structured products (including participatory notes) or fixed income securities where the security is linked to or derives its value from another reference asset.

The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs (including ETFs). The Investment Manager may take a temporary defensive position when it believes the markets or the economy are experiencing excessive volatility, a prolonged general decline or when other adverse conditions may exist. Under these circumstances, the Fund may be unable to pursue its investment objective.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 5% of the Fund's net assets, subject to a maximum of 10%.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- high level of income and prospects of some capital appreciation by accessing a portfolio of both equity and fixed income securities worldwide via a single fund
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Distressed Securities risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Dividend Policy risk
- Emerging Markets risk
- Liquidity risk
- Real Assets risk
- Securities Lending risk
- Swap Agreements risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL MANAGED INCOME FUND

Asset Class

Multi-Asset Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund seeks to generate sustainable, above average income while maintaining prospects for capital appreciation.

Investment Policy

The Fund intends to achieve its objective by actively managing direct and indirect exposure to equities, fixed income securities, ancillary liquid assets, bank deposits, money market instruments and money market funds, collective investment schemes and indirect exposure to alternative investments (including but not limited to commodities and property).

The Fund invests directly and indirectly in equity securities of companies of any market capitalisation located anywhere in the world, including Emerging Markets. Under normal market conditions, the Fund would expect to hold between 40% and 65% net long exposure to equities or equity-related securities. Exposure to assets classes such as equities will be determined on a net basis, taking the combined value of long and short exposures across all equity markets.

The Fund also invests in fixed and floating-rate debt securities issued by government, government-related and/or corporate entities (including financial entities) worldwide as well as debt obligations issued by supranational entities organised or supported by several national governments.

The Fund may purchase mortgage- and asset-backed securities, including collateralised debt obligations. It may invest in low-rated, non-investment grade and distressed debt securities of various issuers, both fixed rate or floating-rate, either directly or through regulated investment funds (subject to the limits indicated below). Under normal market conditions, the Fund does not intend to invest more than 20% of net assets in debt securities rated below investment grade, including both corporate and government securities. However, due for example to a prolonged general decline or other adverse market conditions, the Fund may invest up to 20% of its net assets in distressed debt securities (i.e. (i) which are rated CCC or below by at least two ratings agencies, or if unrated their equivalent, and (ii) with a credit spread above 1,000 bps). For the purpose of the Fund's investment policy, distressed securities should be construed as (i) including defaulting debt securities and (ii) securities of companies that are, or are about to be, involved in reorganisations, financial restructurings, or bankruptcy. Investments in defaulted debt securities would not exceed 5% of the Fund's net assets. The Fund may also invest up to 10% net long exposure, in "alternative" asset classes such as real estate, infrastructure and commodities.

Exposure to certain asset classes, such as commodities, infrastructure and property, may be achieved through eligible derivative instruments linked to an appropriate index.

In order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

The Fund may use financial derivative instruments for hedging, efficient portfolio management as well as investment purposes. These financial derivative instruments include but are not limited to swaps (including but not limited to credit default swaps or total return swaps on equity, fixed income, currency or commodity related indices), forwards, futures contracts (including futures on equity indices and on government securities), as well as options, both exchange traded and/or over the counter (including but not limited to covered calls). The Fund may also invest in securities or structured products (such as Sukuk, warrants, equity-linked securities, collateralised debt obligation including collateralised loan obligations) where the security is linked to or derives its value from another security, index or currencies of any country.

Collective investment schemes which the Fund may invest into may be those managed by Franklin Templeton Investments entities' as well as those managed by other asset managers. The Fund may invest only up to 10% of its net assets in units of UCITS and other UCIs (including ETFs) and up to 15% of its net assets in mortgage- and asset-backed securities.

The Fund intends to be managed with half the volatility of global equity markets (based on the MSCI All Country World Index) over a rolling five-year period. The Fund is actively managed. Although the Investment Manager is constrained by the Benchmark for volatility measurement purposes, the Fund is not obliged to hold any of the Benchmark constituents and may indeed invest up to 100% of its net assets outside the Benchmark.

The Fund intends to have at least 50% of the annual distribution deriving from the income generated by its portfolio.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 70% of the Fund's net assets, subject to a maximum of 150%.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- generate income by investing in a diversified portfolio of equity and debt securities worldwide
- invest in a risk-managed portfolio that maintains prospects for capital appreciation

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit Risk
- Debt Securities risk
- Derivative Instruments risk
- Foreign Currency risk
- Multi-Manager risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Commodities Related Exposure risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Distressed Securities risk
- Dividend Policy risk
- Emerging Markets risk
- Liquidity risk
- Participatory Notes risk
- Real Assets risk
- Restructuring Companies risk
- Securities Lending risk
- Securitisation risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure

The Value-at-Risk approach (absolute VaR) is used to calculate the Global Exposure of the Fund.

The Expected Level of Leverage for the Fund should amount to 200%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL MULTI-ASSET INCOME FUND**Asset Class**

Multi-Asset Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund's investment objective is to achieve a level of total return consisting of income and capital appreciation, allowing it to support a steady level of annual distribution. There is no guarantee that the Fund will achieve its objective.

Investment Policy

The Fund intends to achieve its objective by actively managing direct and indirect exposure to equities, fixed income securities, ancillary liquid assets, bank deposits, money market instruments and money market funds, collective investment schemes and indirect exposure to alternative investments (including but not limited to commodities and property).

The Fund invests directly and indirectly in equity securities of companies of any market capitalisation located anywhere in the world, including Emerging Markets.

The Fund also invests in fixed and floating-rate debt securities issued by government, government-related and corporate entities worldwide as well as debt obligations issued by supranational entities organised or supported by several national governments.

The Fund may purchase mortgage- and asset-backed securities, including collateralised debt obligations. It may invest in low-rated, non-investment grade, defaulted debt and distressed debt securities of various issuers, both fixed rate or floating-rate, including convertible or, up to 5% of its net assets in contingent convertible securities, either directly or through regulated investment funds (subject to the limits indicated below).

The Fund may invest in 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.

Exposure to certain asset classes, such as commodities and property, may be achieved through eligible derivative instruments linked to an appropriate index.

The Fund may use financial derivative instruments for hedging, efficient portfolio management as well as investment purposes. These financial derivative instruments include but are not limited to swaps (including but not limited to credit default swaps or total return swaps on equity, fixed income, currency or commodity related indices), forwards, futures contracts (including futures on equity indices and on government securities), as well as options, both exchange traded and over the counter (including but not limited to covered calls). The Fund may also invest in securities or structured products (such as Sukuk, equity-linked securities, collateralised debt obligation including collateralised loan obligations) where the security is linked to or derives its value from another security, index or currencies of any country.

In order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

Collective investment schemes which the Fund may invest into may be those managed by Franklin Templeton entities' as well as those managed by other asset managers. The Fund may invest only up to 10% of its net assets into units of UCITS and other UCIs.

The Fund intends to be managed with half the volatility of global equity markets (based on the MSCI All Country World Index in the Fund's base currency).

The Fund intends to have at least 50% of the annual distribution deriving from the income generated by its portfolio. The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 70% of the Fund's net assets, subject to a maximum of 120%.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation and income by investing in a diversified portfolio of equity and debt securities worldwide
- invest for the medium to long-term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Foreign Currency risk
- Multi-Manager risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Commodities Related Exposure risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Dividend Policy risk
- Emerging Markets risk
- Floating Rate Corporate Investment risk
- Liquidity risk
- Participatory Notes risk
- Real Assets risk
- Restructuring Companies risk
- Securities Lending risk
- Securitisation risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure

The Value-at-Risk approach (absolute VaR) is used to calculate the Global Exposure of the Fund.

The Expected Level of Leverage for the Fund should amount to 300%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

Franklin Templeton International Services S.à r.l.

The Fund aims to achieve its investment objectives through the careful selection of one or more investment co-manager(s) (the "Investment Co-Manager(s)") by the Investment Manager (Franklin Templeton International Services S.à r.l.). Such Investment Co-Manager(s) shall be part of Franklin Templeton. The Investment Manager may also take part in managing the assets of the Fund in addition to selecting and allocating to Investment Co-Manager(s).

The Investment Manager will be responsible for the selection and appointment of one or more Investment Co-Manager(s) in respect of the Fund to delegate all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund. The Investment Manager is responsible for monitoring the Fund's overall investment performance and for re-balancing the Fund's portfolio allocation. The Investment Manager shall allocate the assets of the Fund between the Investment Co-Manager(s) in such proportions as it shall, at its discretion, determine suitable to achieve the Fund's objective, which allocation may change over time.

The Investment Manager will monitor the performance of the Investment Co-Manager(s) in respect of the Fund in order to assess the need, if any, to make changes/replacements. The Investment Manager may appoint or replace Investment Co-Manager(s) in respect of the Fund at any time in accordance with any applicable regulations or notice periods.

The Investment Manager is responsible for the selection of the Investment Co-Manager(s), the monitoring of the performance of the Investment Co-Manager(s) and the monitoring of the risk management framework implemented at the level of each Investment Co-Manager. The Investment Co-Manager(s) may be replaced without prior notice to the Shareholders. The list of the Investment Co-Manager(s) having acted for the Fund during the period under review is available on the Internet site: www.franklintempleton.lu and/or in the semi-annual and annual reports of the Company. The list of Investment Co-Manager(s) effectively managing the Fund shall be made available upon request and free of charge at the registered office of the Company.

The Investment Co-Manager(s) may seek advice from other investment advisory companies affiliated to Franklin Templeton. The Investment Co-Manager(s) will be remunerated by the Investment Manager out of the investment management fee received from the Management Company.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL REAL ESTATE FUND**Asset Class**

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to maximise total investment return consisting of income and capital appreciation.

Investment Policy

The Investment Manager seeks to achieve its investment objective by investing in real estate investment trusts ("Real Estate Investment Trusts" or "REITs") and other real estate and real estate-related companies (including small to mid-sized companies) whose principal business is financing, dealing, holding, developing and managing real estate and which are located around the world, including Emerging Markets. "REITs" are companies the shares of which are listed on a stock exchange, which invest a significant portion of their net assets directly in real estate and which profit from a special and favourable tax regime. These investments of the Fund shall qualify as transferable securities. The Fund seeks to invest in companies across a wide range of real estate sectors and countries.

The Fund may also utilise various financial derivative instruments for currency hedging and efficient portfolio management (such as but not limited to currency forwards and cross forwards, interest rate futures and swaps as well as options).

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- dividend income and capital appreciation by investing in companies across a wide range of real estate sectors and countries
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Foreign Currency risk
- Concentration risk
- Liquidity risk
- Market risk

- Real Assets risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Counterparty risk
- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Equity risk
- Securities Lending risk
- Smaller and Midsize Companies risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Institutional, LLC

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN GOLD AND PRECIOUS METALS FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's principal investment objective is capital appreciation. Its secondary objective is income.

Investment Policy

Under normal market conditions, the Fund invests principally its net assets in securities issued by gold and precious metals operation companies. Gold and precious metals operation companies include companies that mine, process, or deal in gold or other precious metals, such as silver, platinum and palladium, including mining finance and exploration companies as well as operating companies with long-, medium-, or short-life mines.

The Fund principally invests in equity and equity-related securities such as common stocks, preferred stocks, warrants and convertible securities issued by gold and precious metals operation companies located anywhere in the world (including Emerging Markets) and across the entire market capitalisation spectrum, including small-cap and medium-cap companies, as well as in American, Global and European Depositary Receipts.

The Fund may also, in accordance with the investment restrictions, invest (i) up to 10% of its net assets in securities issued by private companies and Private Investments in Public Equity (PIPEs) and (ii) up to 5% of its net assets in special purpose acquisition companies (SPACs) provided that the contemplated PIPEs and SPACs qualify as transferable securities under paragraphs (1) or (2) a) of Article 41 of the Law of 17 December 2010.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in securities of gold and precious metals operation companies around the world
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Commodities Related Exposure risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Counterparty risk
- Equity risk
- PIPEs risk
- Private Companies risk
- Securities Lending risk

- Smaller and Midsize Companies risk
- SPACs risk
- Warrants risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN HIGH YIELD FUND

Asset Class

Fixed Income Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's principal investment objective is to earn a high level of current income. As a secondary objective, the Fund seeks capital appreciation, but only when consistent with its principal objective.

Investment Policy

The Fund seeks to achieve these objectives by investing principally, either directly or through the use of financial derivative instruments, in fixed income debt securities of US or non-US issuers. The Fund will have an allocation to fixed income securities of at least 75%. The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments may include, inter alia, swaps such as credit default swaps or fixed income related total return swaps, forwards, futures contracts, as well as options on such contracts either dealt on Regulated Markets or over-the-counter. The Fund normally invests in fixed income debt securities of any credit ratings (including non-investment grade securities), if issued by US issuers, or, if issued by non-US issuers or unrated, their equivalent. The Investment Manager attempts to avoid excessive risk by performing independent credit analyses of issuers and by diversifying the Fund's investments among different issuers.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may also, temporarily or on an ancillary basis, seek investment opportunities in any other types of securities such as government securities, preferred stock, common stock and other equity-linked securities, warrants and securities and bonds convertible into common stock. The Fund may invest up to 10% of its net assets in credit-linked securities, which the Investment Manager may use as a means to invest more rapidly and efficiently in certain segments of the high-yield, bank loan and investment grade debt markets. The Fund may also invest up to 10% of its net assets in securities in default.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- earn a high level of income, and to a lesser extent, some capital appreciation by investing in high-yield fixed income securities of US and non-US issuers
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Dividend Policy risk
- Floating Rate Corporate Investment risk
- Foreign Currency risk
- Restructuring Companies risk
- Securities Lending risk

- Swap Agreements risk
- Warrants risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN INCOME FUND

Asset Class

Balanced Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to maximise income while maintaining prospects for capital appreciation.

Investment Policy

The Fund invests in a diversified portfolio of transferable securities consisting of equity securities and long- and short-term debt securities. Equity securities generally entitle the holder to participate in a company's general operating results. These include common stocks, preferred stocks, convertible securities and equity-linked notes. Debt securities represent an obligation of the issuer to repay a loan of money to it, and generally provide for the payment of interest. These include bonds, notes and debentures.

In its search for growth opportunities, the Fund invests in common stocks of companies from a variety of industries such as utilities, oil, gas, real estate and consumer goods. The Fund seeks income by selecting investments such as corporate, foreign and US Treasury bonds, as well as stocks with attractive dividend yields. The Fund may invest in debt securities that are rated below investment grade. Investment-grade debt securities are rated in the top four ratings categories by independent rating organisations such as Standard & Poor's Corporation ("S&P") and Moody's Investors Service, Inc. ("Moody's"). The Fund generally invests in securities rated at least CAA by Moody's or CCC by S&P or unrated securities that the Investment Manager determines are of comparable quality. Generally, lower rated securities offer higher yields than more highly rated securities to compensate investors for the higher risk. Further information is contained in the section "Risk Considerations".

The Fund may invest up to 25% of its net invested assets in non-US securities. It ordinarily buys non-US securities that are traded in the US or American Depository Receipts, which are certificates typically issued by a bank or trust company that give their holders the right to receive securities issued by a US or a non-US company.

The Investment Manager searches for undervalued or out-of-favour securities it believes offer opportunities for income today and significant growth tomorrow. It performs independent analysis of the securities being considered for the Fund's portfolio, rather than relying principally on the ratings assigned by rating agencies. In its analysis, the Investment Manager considers a variety of factors, including:

- the experience and managerial strength of the company;
- responsiveness to changes in interests and business conditions;
- debt maturity schedules and borrowing requirements;
- the company's changing financial condition and market recognition of the change; and
- a security's relative value based on such factors as anticipated cash flow, interest or dividend coverage, asset coverage, and earnings prospects.

The Fund may use financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments could include but are not limited to swaps (such as fixed income related and equity related total return swaps), forwards, futures contracts as well as options. In this context, the Fund may seek exposure to, inter alia, commodities or ETFs through the use of financial derivative instruments, cash-settled structured products or fixed income securities where the security is linked to or derives its value from another reference asset.

The Investment Manager may take a temporary defensive position when it believes the markets or the economy are experiencing excessive volatility, a prolonged general decline or when other adverse conditions may exist. Under these circumstances, the Fund may be unable to pursue its investment objective.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 5% of the Fund's net assets, subject to a maximum of 10%.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- high level of income and prospects of some capital appreciation by accessing a portfolio of both equity and fixed income securities via a single fund
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Market risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Dividend Policy risk
- Foreign Currency risk
- Liquidity risk
- Securities Lending risk
- Securitisation risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN INDIA FUND**Asset Class**

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy⁴

The Fund invests principally in equity securities including common stock, preferred stock and convertible securities, as well as in warrants, participatory notes, and depository receipts of (i) companies registered in India, (ii) companies which perform a predominant part of their business in India, and (iii) holding companies which hold a predominant part of their participations in companies referred to in (i) and (ii), all of them across the entire market capitalisation spectrum from small-to large-cap companies.

In addition the Fund may seek investment opportunities in fixed income securities issued by any of the above-mentioned entities as well as Money Market Instruments.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in equity securities of companies located in India
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk

Other risks that may be relevant to the Fund⁵:

- Class Hedging risk
- Convertible and Hybrid Securities risk

⁴ As from 10 March 2023, the following paragraph will be added after the first paragraph of the Fund's investment policy: "The Fund may also, in accordance with the investment restrictions, invest up to 5% of its net assets in securities issued by private companies provided that the contemplated investments qualify as transferable securities under paragraphs (1) or (2) a) of Article 41 of the Law of 17 December 2010."

⁵ As from 10 March 2023, a Private Companies risk will be added to the list of the other risks that may be relevant to the Fund.

- Counterparty risk
- Equity risk
- Participatory Notes risk
- Smaller and Midsize Companies risk
- Warrants risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Templeton Asset Management Ltd.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN INNOVATION FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund invests principally in equity securities of companies that are leaders in innovation, take advantage of new technologies, have superior management and benefit from new industry conditions in the dynamically changing global economy. Equity securities generally entitle the holder to participate in a company's general operating results. They include common stocks, convertible securities and warrants on securities. Investments in convertible securities will not exceed 10% of the Fund's total net assets. The Fund can invest in companies located anywhere in the world, but may have a substantial part of its portfolio invested in companies located or traded in the US, as well as in foreign securities that are traded in the US and American Depository Receipts.

The Fund invests in companies in any economic sector and of any market capitalisation. In selecting equity investments, the Investment Manager utilises fundamental, bottom-up research to seek companies meeting its criteria of sustainable growth driven by innovation. Since the Investment Manager considers that Environmental, Social and Governance (ESG) factors can have a material impact on a company's current and future corporate value, ESG considerations are an integral component of its fundamental bottom up research. The Fund's Environmental and/or Social characteristics (within the meaning of Article 8 SFDR) promoted are detailed in the Appendix G.

Although the Investment Manager searches for investments across a large number of sectors, the Fund may have significant positions in particular sectors such as, for example, information technology (including software and internet), communications services and health care (including biotechnology). Due to market appreciation, the Fund's investment in a given sector or industry may represent a significant portion of the Fund's portfolio.

When the Investment Manager believes market or economic conditions are unfavorable for investors, the Investment Manager may in a temporary defensive manner invest up to 100% of the Fund's assets in short-term US government securities, high-grade commercial paper and bank obligations. The Fund may also invest up to 5% of its net assets in units of UCI such as UCITS, Exchange Traded Funds ("ETF") as well as other UCIs.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 8 of the SFDR
- achieve capital appreciation by investing in equity securities of companies whose growth prospects are poised to benefit from dynamic technology and innovation
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Counterparty risk
- Equity risk
- Securities Lending risk
- Sustainability risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN INTELLIGENT MACHINES FUND**Asset Class**

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund invests principally in equity securities of companies that are relevant to the Fund's investment theme of intelligent machines. Equity securities generally entitle the holder to participate in a company's general operating results. While the Fund invests predominantly in common stocks, it could also invest in preferred stock, convertible securities and warrants on securities.

Companies relevant to the Fund's investment theme of intelligent machines are those that the Investment Manager believes are substantially focused on and/or are expected to substantially benefit from the ongoing technology-driven transformation of products, software, systems and machinery as well as product design, manufacture, logistics, distribution and maintenance, including through developments in artificial intelligence. These companies may include those that develop, produce, manufacture, design, maintain and deliver products or services with new capabilities previously unavailable in the marketplace.

The Fund's investment theme of intelligent machines is intended to capture companies that the Investment Manager believes represent the next phase of technological evolution, including companies that provide new systems, logistics solutions, methods, processes, products or services based on physical applications of new technologies and technological innovation. Such companies include those the Investment Manager believes are well-positioned to benefit from intelligent design (e.g., simulation software and computer-aided design or "CAD" software), intelligent production (e.g., advancements in manufacturing or factory automation capabilities), intelligent products (e.g., robotic-assisted technologies, tools and services) and intelligent predictive maintenance (e.g., industrial software solutions and services).

In pursuing the Fund's investment theme, the Investment Manager may invest in companies in any economic sector or of any market capitalization and may invest in companies both inside and outside of the United States, including those in developing or emerging markets. Although the Fund may invest across economic sectors, it expects to have significant positions in particular sectors including technology. The Fund is a "non-diversified" fund, which means it generally invests a greater proportion of its assets in the securities of one or more issuers and invests overall in a smaller number of issuers than a diversified fund.

While the Fund invests, under normal market conditions, at least 80% of its net assets in equity securities, the Fund can seek investment opportunities in other types of securities including but not limited to debt and fixed income securities (which may include all varieties of fixed and floating-rate income securities of any maturity or quality of corporate issuers worldwide), as well as up to 10% of its net assets in open and closed-end UCIs (including exchange traded funds).

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- achieve capital appreciation by investing in equity securities of companies in the technology sector
- invest for the medium to long term

Risk Considerations

The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

Principal risks to the Fund's investment policy:

- Concentration risk
- Market risk
- Thematic Investing risk

Other risks that may be relevant to the Fund:

- Convertible and Hybrid Securities risk
- Class Hedging risk
- Credit risk
- Debt Securities risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Liquidity risk
- Smaller and Midsize Companies risk
- Warrants risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN JAPAN FUND**Asset Class**

Equity Fund

Base Currency

Japanese yen (JPY)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund seeks to achieve its objective through a policy of investing primarily in equity securities of issuers incorporated or having their principal business activities in Japan.

In addition, the Fund may also seek investment opportunities in other types of securities such as preferred stocks, securities convertible into common stocks, and corporate and government debt obligations which are Japanese yen and non- Japanese yen denominated.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in a growth-style investment concentrated in Japanese equity securities
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Convertible and Hybrid Securities risk
- Counterparty risk
- Equity risk
- Securities Lending risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Templeton Asset Management Ltd and Franklin Templeton Investments (Asia) Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN K2 ALTERNATIVE STRATEGIES FUND**Asset Class**

Alternative Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to seek capital appreciation with lower volatility relative to the broad equity markets.

Investment Policy

The Fund seeks to achieve its investment objective by allocating its net assets across multiple non-traditional or "alternative" strategies, including but not limited to, some or all of the following strategies: Long Short Equity, Relative Value, Event Driven and Global Macro, each of which are described as follows:

- *Long Short Equity Strategies* – Long Short Equity Strategies generally seek to produce returns from investments in the global equity markets by taking long and short positions in stocks and common stock indices. These strategies are generally focused on risk-adjusted returns and capitalise on the Investment Co-Managers' views and outlooks for specific equity markets, regions, sectors and securities. Examples of long short equity strategies include (i) growth focused strategies, (ii) value focused strategies, (iii) market-neutral strategies (e.g., maintaining net exposures between 20% short and 20% long), (iv) sector-focused strategies (e.g., technology, healthcare, financials) and (v) regionally focused strategies (e.g., Europe, Asia).
- *Relative Value Strategies* – Relative Value Strategies encompass a wide range of investment techniques that are intended to profit from pricing inefficiencies. These strategies generally involve taking a position in one financial instrument and simultaneously taking an offsetting position in a related instrument in an attempt to profit from incremental changes in the price differential. Examples of relative value strategies are: (i) credit long short strategies; (ii) credit arbitrage; (iii) convertible arbitrage; and (iv) volatility arbitrage.
- *Event Driven Strategies* – Event Driven Strategies generally imply investment in securities of companies undergoing corporate events. These strategies are generally focused on analysing the impact of the company-specific or transaction-specific event on security valuations. Examples of such company-specific or transaction-specific events include mergers, acquisitions, transfers of assets, tender offers, exchange offers, recapitalisations, liquidations, divestitures, spin-offs, equity restructurings and reorganisations.
- *Global Macro Strategies* – Global Macro Strategies generally focus on macro-economic (economy-wide phenomena such as changes in unemployment, national income, rate of growth, gross domestic product, inflation and price levels) opportunities across numerous markets and investments. Investments may be long or short and are based on the relative value or direction of a market, a currency, an interest rate, a commodity or any macroeconomic variable. Examples of Global Macro Strategies include discretionary (seeking to profit by tactically investing across different asset classes, markets, and investment opportunities through a combination of fundamental market analysis and quantitative modeling) and systematic (seeking to profit by utilising quantitative models to identify investment opportunities across different asset classes and markets in order to construct a portfolio of investments) macro strategies. Systematic would also include certain risk premia strategies designed to harvest persistent behavioral and structural anomalies, which offer returns that are uncorrelated to traditional asset classes.

Across these alternative strategies, the Fund seeks to promote broad environmental (E) characteristics (climate change, natural capital, pollution & waste) and social (S) characteristics (human capital, product liability, stakeholder opposition). The Fund's Environmental and/or Social characteristics (within the meaning of Article 8 SFDR) promoted are detailed in the Appendix G.

The Fund intends to invest in a wide range of transferable securities, financial derivative instruments and other eligible securities. Such securities may include, but are not limited to, equity and equity-related securities (which may include common stocks, preferred stocks, participatory notes, equity related certificates and convertible securities) and debt securities (which may include bonds, notes, debentures, bankers' acceptances and commercial paper).

The Fund invests in equity and equity-related securities of companies located anywhere and of any capitalisation size. Debt securities which may be acquired by the Fund shall include all varieties of fixed and floating-rate income securities of any maturity or credit rating (including investment grade, non-investment grade, low-rated, unrated securities and securities in default) of corporate and sovereign issuers worldwide, and may include, inter alia, high yield ("junk") bonds and distressed debt securities (securities of companies that are, or are about to be, involved in reorganisations, financial restructurings, or bankruptcy). Investments in distressed securities shall not exceed 10% of the Fund's net assets. The Fund may engage in active and frequent trading as part of its investment strategies.

The Fund utilises financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments may be either dealt on Regulated Markets or over-the-counter, and may include, inter alia, (i) futures contracts, including futures based on equity or fixed income securities and indices, interest rate futures and currency futures and options thereon; (ii) swaps, including equity, currency, interest rate, total return swaps related to equity, fixed income and commodities as well as credit default swaps and options thereon; (iii) options, including call options and put options on indices, individual securities or currencies; and (iv) currency forward contracts. Use of financial derivative instruments may result in negative exposure in a specific asset class, yield curve/duration or currency. Use of financial derivative instruments such as interest rate futures and total return swaps on commodity indices may also contribute to a material increase in the level of leverage of the Fund, as further detailed in section "Global Exposure" below.

In order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

The Fund may take long and synthetic short positions in a wide range of asset classes, including equities, fixed income and currencies, among others. Long positions benefit from an increase in the price of the underlying instrument or asset class, while short positions benefit from a decrease in that price. Exposure to synthetic short positions shall be effected through the use of financial derivative instruments.

The Fund may also seek exposure to commodities through the use of cash-settled structured products or exchange-traded notes (such as participatory notes) on commodities or financial derivative instruments on commodity indices.

The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs. The Fund may also, in accordance with the investment restrictions, invest (i) up to 10% of its net assets in securities issued by private companies and Private Investments in Public Equity (PIPEs) and (ii) up to 5% of its net assets in special purpose acquisition companies (SPACs) provided that the contemplated PIPEs and SPACs qualify as transferable securities under paragraphs (1) or (2) a) of Article 41 of the Law of 17 December 2010.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may, in accordance with the investment restrictions, purchase mortgage- and asset-backed securities (including collateralised debt obligations) and invest in securities or structured products (such as commercial mortgage-backed securities and collateralised mortgage obligations) where the security is linked to or derives its value from another reference asset.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (funded and unfunded) amounts to 36% of the Fund's net assets, subject to a maximum of 205%.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 8 of the SFDR
- capital appreciation by investing in a wide range of eligible securities and financial derivative instruments benefiting from several "alternative" strategies
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Foreign Currency risk
- Debt Securities risk
- Derivative Instruments risk
- Multi-Manager risk
- Market risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Commodities Related Exposure risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Distressed Securities risk
- Equity risk
- Floating Rate Corporate Investment risk
- Hedged Strategies risk
- Liquidity risk
- Model risk
- Performance Fee risk
- PIPEs risk
- Portfolio Turnover risk
- Private Companies risk
- Restructuring Companies risk
- Securities Lending risk
- Securitisation risk
- Smaller and Midsize Companies risk
- SPACs risk
- Structured Notes risk
- Substantial Leverage risk
- Sustainability risk
- Swap Agreements risk

Global Exposure

The Value-at-Risk approach (absolute VaR) is used to calculate the Global Exposure of the Fund.

The Expected Level of Leverage for the Fund, calculated using the sum of notionals methodology, could amount to 450%, which is due to the use of financial derivative instruments with higher notional values. The level of leverage largely reflects the fact that the Fund may hold at any given time large positions in shorter and mid-term (3 months, 2 years and 5 years) sovereign debt futures (e.g., futures on denominations of U.S. Treasury debt), because the volatility of these contracts is considerably lower than that of longer term (10 years) futures contract on the same sovereign debt security (e.g., a U.S. Treasury 10 years note). The sum of notionals methodology also does not allow for the netting of financial derivative positions which can include hedging transactions and other risk mitigating strategies involving the use of financial derivative instruments. As a result, financial derivative instruments roll overs and strategies relying on a combination of long and short positions may contribute to a large increase in the level of leverage whereas they may not increase or cause only a moderate increase of the overall risk of the Fund which is monitored and limited according to the UCITS regulation.

The Expected Level of Leverage is an estimated upper range and may be subject to higher leverage levels. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

K2/D&S Management Co., L.L.C.

The Fund aims to achieve its investment objectives through the selection of various investment co-managers (the "Investment Co-Managers") by the Investment Manager (K2/D&S Management Co., L.L.C.). Generally, such Investment Co-Managers, each of which uses an alternative investment strategy to invest its portion, may not be affiliated with Franklin Templeton. The Investment Manager may also take part in

managing the assets of the Fund in addition to selecting and allocating to Investment Co-Managers. The Fund's overall performance will be the result of the performance of the different strategies involved and the portion of the Fund's net assets assigned to such strategies.

The Investment Manager will be responsible for the selection and appointment of the Investment Co-Managers in respect of the Fund to delegate all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund. The Investment Manager shall allocate the assets of the Fund between the Investment Co-Managers in such proportions as it shall, at its discretion, determine suitable to achieve the Fund's objective.

The Investment Manager will further be responsible for the monitoring of the risk management framework implemented at the level of each Investment Co-Manager. The Investment Manager will also monitor the performance of the Investment Co-Managers in respect of the Fund in order to assess the need, if any, to make changes/replacements. The Investment Manager may appoint or replace Investment Co-Managers in respect of the Fund at any time in accordance with any applicable regulations or notice periods.

The Investment Co-Managers may be replaced without prior notice to the Shareholders. The list of the Investment Co-Managers having acted for the Fund during the period under review is available on the Internet site: www.franklintempleton.lu and/or in the semi-annual and annual reports of the Company. The list of Investment Co-Managers effectively managing the Fund shall be made available upon request and free of charge at the registered office of the Company.

The Investment Co-Managers will be remunerated by the Investment Manager out of the investment management fee received from the Management Company.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN MENA FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's principal investment objective is to provide long-term capital appreciation.

Investment Policy

The Fund invests primarily in transferable securities such as equity securities of companies (i) incorporated in the Middle East and North Africa countries ("MENA countries") including, but not limited to the Kingdom of Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Bahrain, Oman, Egypt, Jordan and Morocco, or (ii) which have their principal business activities in MENA countries across the entire market capitalisation spectrum (including small to mid-sized companies) as well as in financial derivative instruments. The Fund may utilise financial derivative instruments for hedging and efficient portfolio management. These financial derivative instruments may include, inter alia, forwards and financial futures contracts, or options on such contracts and equity-linked notes (including participatory notes) either dealt on Regulated Markets or over-the-counter.

In addition, since the investment objective is more likely to be achieved through an investment policy which is flexible and adaptable, the Fund may invest in participatory notes and other types of transferable securities, including equity, equity-related and fixed income securities of issuers worldwide. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in securities of companies in the Middle East and North African region
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Derivative Instruments risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Counterparty risk
- Equity risk
- Frontier Markets risk
- Non-Regulated Markets risk
- Participatory Notes risk
- Securities Lending risk

- Smaller and Midsize Companies risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investments (ME) Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN MUTUAL EUROPEAN FUND

Asset Class

Equity Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund's principal investment objective is capital appreciation, which may occasionally be short term. Its secondary objective is income.

Investment Policy

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 (fundamental value). These include common stocks, preferred stocks and convertible securities. Under normal market conditions, the Fund invests its net assets predominantly 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 net assets in a single country. The Fund may invest up to 10% of its net assets in securities of non-European issuers.

Since the Investment Manager considers that Environmental, Social and Governance (ESG) factors can have a material impact on a company's current and future corporate value, ESG considerations are an integral component of its fundamental bottom up research. The research team routinely evaluate material ESG issues in accordance with an internally established framework. For the avoidance of doubt, the Investment Manager does not apply binding ESG criteria nor explicit ESG exclusions.

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, including low-rated and non-investment grade securities.

The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments 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.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation, which may occasionally be short term and to a lesser extent income by investing in undervalued companies of any European country
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Derivative Instruments risk
- Foreign Currency risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Convertible and Hybrid Securities risk
- Counterparty risk
- Credit risk

- Debt Securities risk
- Distressed Securities risk
- Equity risk
- Restructuring Companies risk
- Russian and Eastern European Markets risk
- Securities Lending risk
- Swap Agreements risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Mutual Advisers, LLC

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN MUTUAL GLOBAL DISCOVERY FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

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 (fundamental value). The Fund primarily invests in mid- and large-cap companies with a market capitalisation around or greater than 1.5 billion US dollars.

Since the Investment Manager considers that Environmental, Social and Governance (ESG) factors can have a material impact on a company's current and future corporate value, ESG considerations are an integral component of its fundamental bottom up research. The research team routinely evaluate material ESG issues in accordance with an internally established framework. For the avoidance of doubt, the Investment Manager does not apply binding ESG criteria nor explicit ESG exclusions.

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, including low-rated and non-investment grade securities.

The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments 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.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in undervalued companies worldwide
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Derivative Instruments risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Counterparty risk
- Credit risk
- Debt Securities risk
- Equity risk

- Liquidity risk
- Restructuring Companies risk
- Securities Lending risk
- Swap Agreements risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Mutual Advisers, LLC

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN MUTUAL U.S. VALUE FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's primary investment objective is capital appreciation. A secondary objective is income.

Investment Policy

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 of US companies. At least 70% of the Fund's net assets will be invested in securities of 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 fundamental value.

Since the Investment Manager considers that Environmental, Social and Governance (ESG) factors can have a material impact on a company's current and future corporate value, ESG considerations are an integral component of its fundamental bottom up research. The research team routinely evaluate material ESG issues in accordance with an internally established framework. For the avoidance of doubt, the Investment Manager does not apply binding ESG criteria nor explicit ESG exclusions.

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, including low-rated and non-investment grade securities.

The Fund may utilise financial derivative instruments for hedging and efficient portfolio management. These financial derivative instruments 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.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation and to a lesser extent income by investing in undervalued companies based primarily in the US
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Market risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Equity risk
- Foreign Currency risk
- Liquidity risk

- Restructuring Companies risk
- Securities Lending risk
- Swap Agreements risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Mutual Advisers, LLC

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN NATURAL RESOURCES FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation and current income.

Investment Policy

The Fund invests primarily in equity securities as well as depositary receipts of (i) companies which perform a substantial part of their business in the natural resources sector, and (ii) companies which hold a substantial part of their participations in companies referred to in (i), including small and mid-sized companies. For the Fund's investment purpose, the natural resources sector includes companies that own, produce, refine, process, transport and market natural resources and companies that provide related services. This sector may include, for example, the following industries: integrated oil, oil and gas exploration and production, energy services and technology, alternative energy sources and environmental services, forest products, farming products, paper products and chemicals. On an ancillary basis, the Fund may also invest in equity or debt securities of any type of US or non-US issuer. The Fund expects to invest its net assets more in US securities than in securities of any other single country (including Emerging Markets).

The Fund may also, in accordance with the investment restrictions, invest (i) up to 10% of its net assets in securities issued by private companies and Private Investments in Public Equity (PIPEs) and (ii) up to 5% of its net assets in special purpose acquisition companies (SPACs) provided that the contemplated PIPEs and SPACs qualify as transferable securities under paragraphs (1) or (2) a) of Article 41 of the Law of 17 December 2010.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- high total return in USD by investing in equity and debt securities in the natural resources sector
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Commodities Related Exposure risk
- Concentration risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Counterparty risk
- Equity risk
- PIPEs risk
- Private Companies risk
- Securities Lending risk
- Smaller and Midsize Companies risk
- SPACs risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN NEXTSTEP BALANCED GROWTH FUND**Asset Class**

Multi-Asset Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to seek the highest level of long-term total return. Total return includes capital growth and income.

Investment Policy

The Fund intends to achieve its objective by investing its net assets principally in units of UCITS and other open and closed-end UCIs (including exchange traded funds), managed by Franklin Templeton entities as well as other asset managers ("Underlying Funds"), providing exposure to equity securities of any market capitalisation (including smaller and mid-sized companies) as well as fixed or floating-rate debt securities (including investment grade, non-investment grade or unrated debt securities issued or guaranteed by governments and corporations, provided that the Fund will not invest more than 10% of its assets in securities issued or guaranteed by any single government or government-related issuer with a credit rating below investment grade at the time of purchase) of issuers located anywhere in the world, including in emerging markets, with typically between 25% to 50% of them located or having their principal business activities in the Asia region. The Fund may use financial derivative instruments for foreign exchange hedging purposes only.

The Fund invests with no prescribed regional, country, industry sector or market capitalisation limits for investment by its Underlying Funds. The Fund will seek to maintain an asset allocation exposure generally in the range of 50% to 70% for equities and equity-related securities globally, 30% to 50% for fixed or floating-rate debt securities, and 0% to 10% for alternative strategies including REITs. These asset allocations may move out of these ranges from time to time based on market conditions and the Investment Manager's strategic and tactical asset allocation views.

The Fund may, on an ancillary basis, through its investments in Underlying Funds, be exposed to convertible securities, credit-linked securities, debt securities on which the issuer is currently (at the time of purchase) not making principal or interest payments (defaulted debt securities) as well as securities of companies that are, or are about to be, involved in reorganisations, financial restructurings, or bankruptcy (restructuring companies).

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- a high level of long-term total return that is consistent with a moderate level of risk
- Invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Underlying Investment Funds risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Restructuring Companies risk
- Smaller and Midsize Companies risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investments (Asia) Limited

The Investment Manager has delegated, under its responsibility, all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund to Franklin Advisers, Inc., which acts as sub-investment manager.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

Important information for Investors

Shares of this Fund are exclusively offered to selected Distributors by invitation only based on specific agreement with the Management Company. Shares of this Fund are made available to Investors subscribing into the Fund through such Distributors only. Please contact the Company or the Management Company for additional information.

FRANKLIN NEXTSTEP CONSERVATIVE FUND**Asset Class**

Multi-Asset Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to seek the highest level of long-term total return. Total return includes capital growth and income.

Investment Policy

The Fund intends to achieve its objective by investing its net assets principally in units of UCITS and other open and closed-end UCIs (including exchange traded funds), managed by Franklin Templeton entities as well as other asset managers ("Underlying Funds"), providing exposure to equity securities of any market capitalisation (including smaller and mid-sized companies) as well as fixed or floating-rate debt securities (including investment grade, non-investment grade or unrated debt securities issued or guaranteed by governments and corporations, provided that the Fund will not invest more than 10% of its assets in securities issued or guaranteed by any single government or government-related issuer with a credit rating below investment grade at the time of purchase) of issuers located anywhere in the world, including in emerging markets. The Fund may use financial derivative instruments for foreign exchange hedging purposes only.

The Fund invests with no prescribed regional, country, industry sector or market capitalisation limits for investment by its Underlying Funds. The Fund will seek to maintain an asset allocation exposure generally in the range of 15% to 35% for equities and equity-related securities globally and 65% to 85% for fixed or floating-rate debt securities. These asset allocations may move out of these ranges or the ranges themselves may change from time to time based on market conditions and the Investment Managers' strategic and tactical asset allocation views.

The Fund may, on an ancillary basis, through its investments in Underlying Funds, be exposed to convertible securities, credit-linked securities, debt securities on which the issuer is currently (at the time of purchase) not making principal or interest payments (defaulted debt securities) as well as securities of companies that are, or are about to be, involved in reorganisations, financial restructurings, or bankruptcy (restructuring companies).

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- a high level of long-term total return that is consistent with a low to moderate level of risk
- Invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Underlying Investment Funds risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Restructuring Companies risk
- Smaller and Midsize Companies risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc. and Franklin Templeton International Services S.à r.l.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

Important information for Investors

Shares of this Fund are exclusively offered to selected Distributors by invitation only based on specific agreement with the Management Company. Shares of this Fund are made available to Investors subscribing into the Fund through such Distributors only. Please contact the Company or the Management Company for additional information.

FRANKLIN NEXTSTEP DYNAMIC GROWTH FUND**Asset Class**

Multi-Asset Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to seek the highest level of long-term total return. Total return includes capital growth and income.

Investment Policy

The Fund intends to achieve its objective by investing its net assets principally in units of UCITS and other open and closed-end UCIs (including exchange traded funds), managed by Franklin Templeton entities as well as other asset managers ("Underlying Funds"), providing exposure to equity securities of any market capitalisation (including smaller and mid-sized companies) as well as fixed or floating-rate debt securities (including investment grade, non-investment grade or unrated debt securities issued or guaranteed by governments and corporations, provided that the Fund will not invest more than 10% of its assets in securities issued or guaranteed by any single government or government-related issuer with a credit rating below investment grade at the time of purchase) of issuers located anywhere in the world, including emerging markets, with typically between 25% to 50% of them located or having their principal business activities in the Asia region. The Fund may use financial derivative instruments for foreign exchange hedging purposes only.

The Fund invests with no prescribed regional, country, industry sector or market capitalisation limits for investment by its Underlying Funds. The Fund will seek to maintain an asset allocation exposure generally in the range of 65% to 85% for equities and equity-related securities globally, 15% to 35% for fixed or floating-rate debt securities, and 0% to 10% for alternative strategies including REITs. These asset allocations may move out of these ranges from time to time based on market conditions and the Investment Manager's strategic and tactical asset allocation views.

The Fund may, on an ancillary basis, through its investments in Underlying Funds, be exposed to convertible securities, credit-linked securities, debt securities on which the issuer is currently (at the time of purchase) not making principal or interest payments (defaulted debt securities) as well as securities of companies that are, or are about to be, involved in reorganisations, financial restructurings, or bankruptcy (restructuring companies).

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- a high level of long-term total return that is consistent with a higher level of risk
- Invest for the long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Underlying Investment Funds risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Restructuring Companies risk
- Smaller and Midsize Companies risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investments (Asia) Limited

The Investment Manager has delegated, under its responsibility, all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund to Franklin Advisers, Inc., which acts as sub-investment manager.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

Important information for Investors

Shares of this Fund are exclusively offered to selected Distributors by invitation only based on specific agreement with the Management Company. Shares of this Fund are made available to Investors subscribing into the Fund through such Distributors only. Please contact the Company or the Management Company for additional information.

FRANKLIN NEXTSTEP GROWTH FUND

Asset Class

Multi-Asset Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to seek the highest level of long-term total return. Total return includes capital growth and income.

Investment Policy

The Fund intends to achieve its objective by investing its net assets principally in units of UCITS and other open and closed-end UCIs (including exchange traded funds), managed by Franklin Templeton entities as well as other asset managers ("Underlying Funds"), providing exposure to equity securities of any market capitalisation (including smaller and mid-sized companies) as well as fixed or floating-rate debt securities (including investment grade, non-investment grade or unrated debt securities issued or guaranteed by governments and corporations, provided that the Fund will not invest more than 10% of its assets in securities issued or guaranteed by any single government or government-related issuer with a credit rating below investment grade at the time of purchase) of issuers located anywhere in the world, including in emerging markets. The Fund may use financial derivative instruments for foreign exchange hedging purposes only.

The Fund invests with no prescribed regional, country, industry sector or market capitalisation limits for investment by its Underlying Funds. The Fund will seek to maintain an asset allocation exposure generally in the range of 65% to 85% for equities and equity-related securities globally, 15% to 35% for fixed or floating-rate debt securities, and 0% to 10% for alternative strategies including commodities or real estate (typically through units in other open- and closed-end UCIs, including exchange traded funds). These asset allocations may move out of these ranges from time to time based on market conditions and the Investment Managers' strategic and tactical asset allocation views.

The Fund may, on an ancillary basis, through its investments in Underlying Funds, be exposed to convertible securities, credit-linked securities, debt securities on which the issuer is currently (at the time of purchase) not making principal or interest payments (defaulted debt securities) as well as securities of companies that are, or are about to be, involved in reorganisations, financial restructurings, or bankruptcy (restructuring companies).

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- a high level of long-term total return that is consistent with a higher level of risk
- Invest for the long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Underlying Investment Funds risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Commodities Related Exposure risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Real Assets risk
- Restructuring Companies risk
- Smaller and Midsized Companies risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc. and Franklin Templeton International Services S.à r.l.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

Important information for Investors

Shares of this Fund are exclusively offered to selected Distributors by invitation only based on specific agreement with the Management Company. Shares of this Fund are made available to Investors subscribing into the Fund through such Distributors only. Please contact the Company or the Management Company for additional information.

FRANKLIN NEXTSTEP MODERATE FUND**Asset Class**

Multi-Asset Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to seek the highest level of long-term total return. Total return includes capital growth and income.

Investment Policy

The Fund intends to achieve its objective by investing its net assets principally in units of UCITS and other open and closed-end UCIs (including exchange traded funds), managed by Franklin Templeton entities as well as other asset managers ("Underlying Funds"), providing exposure to equity securities of any market capitalisation (including smaller and mid-sized companies) as well as fixed or floating-rate debt securities (including investment grade, non-investment grade or unrated debt securities issued or guaranteed by governments and corporations, provided that the Fund will not invest more than 10% of its assets in securities issued or guaranteed by any single government or government-related issuer with a credit rating below investment grade at the time of purchase) of issuers located anywhere in the world, including in emerging markets. The Fund may use financial derivative instruments for foreign exchange hedging purposes only.

The Fund invests with no prescribed regional, country, industry sector or market capitalisation limits for investment by its Underlying Funds. The Fund will seek to maintain an asset allocation exposure generally in the range of 50% to 70% for equities and equity-related securities globally, 30% to 50% for fixed or floating-rate debt securities, and 0% to 5% for alternative strategies including commodities or real estate (typically through units in other open- and closed-end UCIs, including exchange traded funds). These asset allocations may move out of these ranges from time to time based on market conditions and the Investment Managers' strategic and tactical asset allocation views.

The Fund may, on an ancillary basis, through its investments in Underlying Funds, be exposed to convertible securities, credit-linked securities, debt securities on which the issuer is currently (at the time of purchase) not making principal or interest payments (defaulted debt securities) as well as securities of companies that are, or are about to be, involved in reorganisations, financial restructurings, or bankruptcy (restructuring companies).

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- a high level of long-term total return that is consistent with a moderate level of risk
- Invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Underlying Investment Funds risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Commodities Related Exposure risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Real Assets risk

- Restructuring Companies risk
- Smaller and Midsize Companies risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc. and Franklin Templeton International Services S.à r.l.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

Important information for Investors

Shares of this Fund are exclusively offered to selected Distributors by invitation only based on specific agreement with the Management Company. Shares of this Fund are made available to Investors subscribing into the Fund through such Distributors only. Please contact the Company or the Management Company for additional information.

FRANKLIN NEXTSTEP STABLE GROWTH FUND

Asset Class

Multi-Asset Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to seek the highest level of long-term total return. Total return includes capital growth and income.

Investment Policy

The Fund intends to achieve its objective by investing its net assets principally in units of UCITS and other open and closed-end UCIs (including exchange traded funds), managed by Franklin Templeton entities as well as other asset managers ("Underlying Funds"), providing exposure to equity securities of any market capitalisation (including smaller and mid-sized companies) as well as fixed or floating-rate debt securities (including investment grade, non-investment grade or unrated debt securities issued or guaranteed by governments and corporations, provided that the Fund will not invest more than 10% of its assets in securities issued or guaranteed by any single government or government-related issuer with a credit rating below investment grade at the time of purchase) of issuers located anywhere in the world, including emerging markets, with typically between 25% to 50% of them located or having their principal business activities in the Asia region. The Fund may use financial derivative instruments for foreign exchange hedging purposes only.

The Fund invests with no prescribed regional, country, industry sector or market capitalisation limits for investment by its Underlying Funds. The Fund will seek to maintain an asset allocation exposure generally in the range of 15% to 35% for equities and equity-related securities globally and 65% to 85% for fixed or floating-rate debt securities. These asset allocations may move out of these ranges from time to time based on market conditions and the Investment Manager's strategic and tactical asset allocation views.

The Fund may, on an ancillary basis, through its investments in Underlying Funds, be exposed to convertible securities, credit-linked securities, debt securities on which the issuer is currently (at the time of purchase) not making principal or interest payments (defaulted debt securities) as well as securities of companies that are, or are about to be, involved in reorganisations, financial restructurings, or bankruptcy (restructuring companies).

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- a high level of long-term total return that is consistent with a low to moderate level of risk
- Invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Underlying Investment Funds risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Restructuring Companies risk

- Smaller and Midsize Companies risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investments (Asia) Limited

The Investment Manager has delegated, under its responsibility, all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund to Franklin Advisers, Inc., which acts as sub-investment manager.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

Important information for Investors

Shares of this Fund are exclusively offered to selected Distributors by invitation only based on specific agreement with the Management Company. Shares of this Fund are made available to Investors subscribing into the Fund through such Distributors only. Please contact the Company or the Management Company for additional information.

FRANKLIN SEALAND CHINA A-SHARES FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is long-term capital appreciation by investing primarily in China A-Shares, equity securities of mainland Chinese companies listed in Mainland China.

Investment Policy

The Fund seeks to achieve its objective through a policy of investing primarily in China A-Shares, RMB-denominated shares of companies (i) organised under the laws of or with their principal offices in Mainland China, (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 and (iii) listed on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

The Fund also invests in China A-Shares through Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, through qualified foreign investor (QFI) channel, UCIs and/or any permissible means available to the Fund under prevailing laws and regulations. The Fund may also invest up to 20% in equity securities of Chinese companies which are listed on the Hong Kong stock exchange (including H-shares, Red-chips and P-chips).

The Investment Manager recognises that Environmental, Social and Governance (ESG) factors can have a material impact on a company's long-term investment performance and thus integrates ESG analysis alongside traditional financial analysis to gain valuable insights into the quality and risks of businesses that the Fund invests in to generate sustainable long term investment performance. For the avoidance of doubt, the Investment Manager does not apply binding ESG criteria nor explicit ESG exclusions.

It is envisaged that the Fund will be diversified across industries, sectors and market capitalisations with a focus on mid and large capitalisation stocks.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in equity securities of companies domiciled in Mainland China and/or traded on Chinese stock exchanges (including Hong Kong)
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Chinese Market risk
- Concentration risk
- Emerging Markets risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Equity risk
- Liquidity Risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Sealand Fund Management Co., Ltd.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN STRATEGIC INCOME FUND**Asset Class**

Fixed Income Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's primary investment objective is to earn a high level of current income. As a secondary investment objective, the Fund seeks capital appreciation over the long term.

Investment Policy

The Fund invests principally in debt securities globally, including those in Emerging Markets. The Fund will have an allocation to fixed income securities of at least 75%. 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 and financial derivative instruments), bonds, mortgage and other asset-backed securities (including collateralised debt obligations and mortgage dollar roll transactions) and convertible securities. The Fund may invest up to 100% of its net assets in low-rated, unrated and non-investment grade debt securities of issuers worldwide and up to 100% of its net assets in securities of companies that are, or are about to be, involved in reorganisations, financial restructurings or bankruptcy. In order to seek to achieve its objective, the Fund may use various financial derivative instruments for hedging, efficient portfolio management and investment purposes, subject to the investment restrictions more fully described in Appendix B. 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 or fixed income related total return swaps), forwards and cross forwards (either of which may result in negative currency exposures), futures contracts (including those on government securities), as well as options. Examples of the Fund's use of financial derivative instruments for investment purposes, which may be uncorrelated to the underlying assets of the Fund, include taking active currency positions (such as long/short positions) via forwards and cross forwards, taking active credit positions via credit default swaps and taking active interest rate positions via fixed income related total return swaps. The Fund may invest up to 10% of its net assets in units of UCITS and other UCIs, up to 10% of its net assets in credit-linked securities and up to 10% of its net assets in securities in default. The Fund may invest up to 10% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct). The Fund may also temporarily or on an ancillary basis, seek investment opportunities in other types of transferable securities such as preferred stock, common stock and other equity-linked securities and warrants.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 15% of the Fund's net assets, subject to a maximum of 40%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- high level of current income and prospects for capital appreciation in USD by investing in debt securities and financial derivative instruments worldwide
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Foreign Currency risk
- Market risk
- Securitisation risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Dividend Policy risk
- Swap Agreements risk
- Warrants risk

Global Exposure

The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is a blended benchmark of the following Bloomberg Index components: US High Yield (10%), US Mortgage-Backed (10%), US Government (10%), US Credit (Corporates) (10%), US Commercial Mortgage-Backed (5%), Global Treasury ex-US (10%), US Dollar Emerging Markets Sovereign (10%), Emerging Market Local Currency Government (10%) and Global High Yield (25%).

The Expected Level of Leverage for the Fund should amount to 65%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN TECHNOLOGY FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund invests at least two thirds of its net invested assets in equity securities of US and non US companies expected to benefit from the development, advancement, and use of technology and communication services and equipment. These may include, for example, companies in the following industries:

- communication and computing related outsourcing services;
- technology services, including computer software, data services, and Internet services;
- electronic technology, including computers, computer products, and electronic components;
- telecommunications, including networking, wireless, and wire-line services and equipment;
- media and information services, including the distribution of information and content providers;
- semiconductors and semiconductor equipment; and
- precision instruments.

The Fund uses a growth approach that employs intensive, bottom-up, fundamental research of companies. The Investment Manager also takes into consideration broad-based trends when considering the selection of investments. In general, the Investment Manager looks for companies it believes display, or will display, some of the following characteristics, among others: quality management; robust growth prospects; strong market positioning; high, or rising profit margins; and good return on capital investment.

Since the Investment Manager considers that Environmental, Social and Governance (ESG) factors are particularly relevant to investing in the technology sector and can contribute to the creation of shareholder value, ESG considerations are an integral component of its fundamental investment research. The Fund's Environmental and/or Social characteristics (within the meaning of Article 8 SFDR) promoted are detailed in the Appendix G.

The Fund invests in securities of US and non US large, well-established companies, as well as small to medium-sized companies, that the Investment Manager believes provide good emerging growth opportunities.

The Fund may also, in accordance with the investment restrictions, invest (i) up to 10% of its net assets in securities issued by private companies and Private Investments in Public Equity (PIPEs) and (ii) up to 5% of its net assets in special purpose acquisition companies (SPACs) provided that the contemplated PIPEs and SPACs qualify as transferable securities under paragraphs (1) or (2) a) of Article 41 of the Law of 17 December 2010.

The Fund may also invest in equity or debt securities of any type of foreign or US issuer as well as in American, European or Global Depositary Receipts.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 8 of the SFDR
- capital appreciation by investing in equity securities
- a growth investment in the technology sector in the US and around the world
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Counterparty risk
- Market risk
- Securities Lending risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Equity risk
- Foreign Currency risk
- Liquidity risk
- PIPEs risk
- Private Companies risk
- Smaller and Midsize Companies risk
- SPACs risk
- Sustainability risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN UK EQUITY INCOME FUND

Asset Class

Equity Fund

Base Currency

UK Sterling (GBP)

Investment Objectives

The Fund's investment objective is to generate an income in excess of the FTSE All-Share Index, together with investment growth over a three to five-year period, after all fees and costs are deducted. There is no guarantee that the Fund will achieve its return objective.

Investment Policy

The Fund seeks to achieve its investment objective by investing primarily in equity securities of large-cap companies incorporated, domiciled or having their principal business activities in the United Kingdom. The Fund typically invests in companies that are constituents of the FTSE All Share Index but the Investment Manager has broad discretion to deviate, even significantly, from the FTSE All Share Index's securities and weightings. The Fund may also invest in equity securities of small and mid-cap companies. The Fund is actively managed and seeks to invest in companies across a wide range of sectors.

The Fund may also invest, on an ancillary basis, in debt securities issued by government and government related issuers as well as supranational entities organised or supported by several national governments and/or corporate issuers (including bonds convertible into common stock).

The Fund may also utilise financial derivative instruments for hedging and efficient portfolio management purposes only. These financial derivative instruments are dealt on Regulated Markets and may include, inter alia, forwards and cross forwards, futures contracts including index futures, or options on such contracts, equity-linked notes as well as options.

The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- income and capital appreciation by investing in equity securities of companies located or having their principal business activities in the United Kingdom
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration Risk
- Market risk

Other risks that may be relevant to the Fund:

- Dividend Policy risk
- Convertible and Hybrid Securities risk

- Counterparty risk
- Derivative Instruments risk
- Equity risk
- Liquidity risk
- Securities Lending risk
- Smaller and Midsize Companies risk

Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund

Investment Manager(s)

Martin Currie Investment Management Ltd

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN U.S. DOLLAR SHORT-TERM MONEY MARKET FUND

The information contained in this Fund's section should be read in conjunction with the specific provisions applicable to Money Market Funds as included in sections "Investor General Information", "Appendix B" and "Appendix D", as well as with the general provisions of the Prospectus, unless otherwise provided.

This Fund qualifies as a Short-Term Variable Net Asset Value Money Market Fund and has been duly authorised by the CSSF in accordance with the provisions of the EU Money Market Fund Regulation ("MMFR"). This Fund has not been rated by external credit rating agencies.

Asset Class

Money Market Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to maintain a high degree of capital preservation and liquidity while maximising returns in the US dollar.

Investment Policy

The Fund seeks to achieve its objective by investing in a portfolio of high-quality USD-denominated debt and debt-related Money Market Instruments.

The Fund invests principally in high-quality Money Market Instruments, which consist primarily of short-term fixed and floating-rate debt securities, commercial papers, floating-rate notes and certificates of deposit of credit institutions, which shall all comply with MMFR. The Fund may also, to a lesser extent, invest in eligible securitisation and asset-backed commercial paper ("ABCP") as well as ancillary liquid assets, bank deposits denominated in US dollar and other money market instruments.

These investments shall be denominated in US dollar and up to 100% may be issued or guaranteed by sovereign governments of member states of the OECD, supranational entities, including most prominently instruments issued or guaranteed by the United States Government and its agencies and related entities, including but not limited to, the United States Treasury, the U.S. Federal Reserve, the Federal National Mortgage Association (FNMA), the Government National Mortgage Association (GNMA), and the Federal Home Loan Mortgage Corporation (Freddie Mac), the Federal Home Loan Banks (FHLB), and supranational organisations that the United States and at least one EU Member State participate in, including but not limited to the International Bank for Reconstruction and Development (IBRD or World Bank), the International Finance Corporation (IFC), and the Inter-American Development Bank (IADB). In addition to receiving a favourable assessment of their credit quality pursuant to the Management Company's internal credit quality assessment procedure, all investments at the time of purchase shall have a minimum long-term rating of A or better by Standard & Poor's Corporation ("S&P") or A2 or better by Moody's Investors Service, Inc. ("Moody's") or similar rating by any other internationally recognised statistical rating organisation, corresponding to a short-term rating of A-1 by S&P/P-1 by Moody's or equivalent or, if unrated, be declared to be of comparable quality by the Investment Manager.

The Fund will maintain a Weighted Average Maturity not exceeding 60 days. The Fund only holds securities which at the time of acquisition have an initial or residual maturity not exceeding 397 days.

The Fund may use financial derivative instruments only for the purpose of hedging the interest rate or exchange rate risks inherent in other investments of the Fund. The Fund may also invest in repurchase and reverse repurchase agreements within the limits described below for the purposes of investing the cash, generating additional capital or income and mitigating risks, as well as less than 10% of the Fund's net assets in units or shares of any other short-term Money Market Fund.

Exposure to repurchase agreements

The expected level of exposure that could be subject to repurchase agreements amounts to 10% of the Fund's net assets, subject to a maximum of 10%.

The use of repurchase agreement transactions will be temporary while the Fund may expect upward and downward variations. Such variations may be dependent on factors such as, but not limited to, total Fund's net assets, the demand from the underlying market and seasonal trends in

the underlying market. During periods of little or no demand from the market, the proportion of the Fund's net assets subject to repurchase agreement transactions may be 0%, while there may also be periods of higher demand, in which case this proportion may approach 10%.

Exposure to reverse repurchase agreements

The expected level of exposure that could be subject to reverse repurchase agreements amounts to 20% of the Fund's net assets, subject to a maximum of 35%. The aggregate amount of cash provided to the same counterparty in reverse repurchase agreements shall not exceed 15% of the assets of the Fund.

The use of reverse repurchase agreement transactions will be temporary while a Fund may expect upward and downward variations. Such variations may be dependent on factors such as, but not limited to, total Fund's net assets, the demand from the underlying market and seasonal trends in the underlying market. During periods of little or no demand from the market, the proportion of the Fund's net assets subject to reverse repurchase agreement transactions may be 0%, while there may also be periods of higher demand, in which case this proportion may approach 35%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- current income and high degree of capital protection by investing in a portfolio of high-quality USD-denominated debt and debt-related securities, Money Market Instruments and cash denominated in US dollar
- invest for the short term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Credit risk
- Debt Securities risk
- Market risk

Other risks that may be relevant to the Fund:

- Concentration risk
- Counterparty risk
- Liquidity risk
- Repurchase and Reverse Repurchase Transactions risk
- Underlying Investment Funds risk

Shares in Money Market Funds are not deposits or obligations of, or guaranteed or endorsed by, any bank, and are not insured or guaranteed by any other agency or regulatory body. The value of Shares held in a Money Market Fund may fluctuate.

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN U.S. GOVERNMENT FUND

Asset Class

Fixed Income Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is income and safety of principal.

Investment Policy

The Fund seeks to achieve its objective primarily through a policy of investing in debt obligations issued or guaranteed by the US government and its agencies, including purchasing mortgage- and asset-backed securities. The Fund will have an allocation to fixed income securities of at least 75%. The Fund may invest 100% of its assets in transferable securities and Money Market Instruments issued or guaranteed by the US Government, its agencies and related entities, in accordance with the applicable risk diversification requirements contained in Appendix B "Investment Restrictions", including but not limited to, the United States Treasury, the U.S. Federal Reserve, the Government National Mortgage Association (GNMA), and up to 20% in both the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (FNMA).

The Fund may use financial derivative instruments for the purpose of efficient portfolio management and interest rate hedging. Such financial derivative instruments may include, inter alia, swaps, forwards and futures contracts (including, but not limited to, futures on interest rates).

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- a degree of safety of initial investment as well as income by investing in debt securities of the US government and its agencies
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Liquidity risk
- Market risk
- Securitisation risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Concentration risk
- Dividend Policy risk
- Securities Lending risk

For the purposes of Article 6 of SFDR, it is deemed that sustainability risks are currently not relevant to the investment decisions made in view of the nature of the strategy and that sustainability risks are currently not likely to have a material impact on the returns of the Fund.

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN U.S. LOW DURATION FUND**Asset Class**

Fixed Income Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to provide as high a level of current income as is consistent with prudent investing, while seeking preservation of shareholders' capital.

Investment Policy

The Fund uses a wide range of investments to efficiently manage its portfolio and to help reduce investment costs and manage portfolio risks. These investments with a targeted average duration of less than three (3) years primarily include various transferable securities such as government and corporate debt securities and convertible debt securities as well as fixed and adjustable-rate mortgage-backed debt securities (including commercial mortgage-backed securities and collateralised mortgage obligations) and asset-backed debt securities. The Fund will have an allocation to fixed income securities of at least 75%. The Fund may participate in mortgage dollar roll transactions. The Fund can invest in financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments may include, inter alia, forwards and futures contracts, options on such contracts, including those on government securities, index-based financial derivatives and swaps such as interest rate swaps, fixed income related total return swaps, credit default swaps as well as single-name credit default swaps, either dealt on Regulated Markets or over-the-counter.

The Fund primarily invests in US issuers but may invest up to 25% of its net assets (without taking into account ancillary liquid assets) in non-US issuers and up to 20% of its net assets in non-US dollar exposure. The Fund may also invest up to 20% of its net assets in low-rated or non-investment grade debt securities.

The Fund may invest 100% of its assets in transferable securities and Money Market Instruments issued or guaranteed by the US Government in accordance with the applicable risk diversification requirements contained in Appendix B "Investment Restrictions".

The Fund may invest up to 5% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct).

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 10% of the Fund's net assets, subject to a maximum of 25%.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- high level of income consistent with capital preservation by investing in fixed income securities from US issuers with a duration of less than 3 years
- invest for the medium term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Foreign Currency risk
- Market risk
- Securitisation risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Concentration risk
- Convertible and Hybrid Securities risk
- Liquidity risk
- Securities Lending risk
- Swap Agreements risk

Global Exposure

The Value-at-Risk approach (absolute VaR) is used to calculate the Global Exposure of the Fund.

The Expected Level of Leverage for the Fund should amount to 100%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN U.S. OPPORTUNITIES FUND**Asset Class**

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund invests principally in equity securities of US companies demonstrating accelerating growth, increasing profitability, or above-average growth or growth potential as compared with the overall economy. Equity securities generally entitle the holder to participate in a company's general operating results. They include common stocks, convertible securities and warrants on securities.

The Fund principally invests in small, medium, and large-capitalisation companies with strong growth potential across a wide range of sectors. In selecting equity investments, the Investment Manager utilises fundamental, bottom-up research focusing on companies believed to possess sustainable growth characteristics and which meet growth, quality and valuation criteria. The Investment Manager focuses on sectors that have exceptional growth potential and fast-growing, innovative companies within these sectors.

In addition to solid management and sound financial records the Investment Manager also considers Environmental, Social and Governance (ESG) factors as an integral component of its fundamental investment research and decision process. The Fund's Environmental and/or Social characteristics (within the meaning of Article 8 SFDR) promoted are detailed in the Appendix G.

Although the Investment Manager searches for investments across a large number of sectors, the Fund, from time to time, may have significant positions in particular sectors such as technology (including electronic technology, technology services, biotechnology and health care technology). The Fund may also, in accordance with the investment restrictions, invest (i) up to 5% of its net assets in securities issued by private companies and Private Investments in Public Equity (PIPEs) and (ii) up to 5% of its net assets in special purpose acquisition companies (SPACs) provided that the contemplated PIPEs and SPACs qualify as transferable securities under paragraphs (1) or (2) a) of Article 41 of the

Law of 17 December 2010.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 8 of the SFDR
- capital appreciation by investing in equity securities (concentrated in equities of US issuers)
- a growth investment in sectors showing above-average growth or growth potential as compared with the overall economy
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Securities Lending risk
- Market risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Counterparty risk
- Equity risk
- Liquidity risk
- PIPEs risk
- Private Companies risk
- Smaller and Midsize Companies risk
- SPACs risk
- Sustainability risk
- Warrants risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON ALL CHINA EQUITY FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is long-term capital appreciation by investing primarily in equity securities issued by Chinese companies in both onshore (mainland China stock exchanges) and offshore markets (exchanges outside mainland China) as well as Hong Kong.

Investment Policy

The Fund invests primarily in transferable equity securities as well as depository receipts of companies (i) which are incorporated in Mainland China or Hong Kong, and/or (ii) which have their principal business activities in Mainland China or Hong Kong, and/or (iii) which are listed on recognized exchanges in capital markets in Mainland China or Hong Kong. The Fund may also invest in equity securities of companies located outside of Mainland China or Hong Kong, but which derive a significant proportion of their revenues or profits from Mainland China or Hong Kong or have a significant portion of their assets in Mainland China or Hong Kong. Under normal market conditions, the Fund invests primarily in common stocks, as well as depository receipts.

Since the Investment Manager considers that Environmental, Social and Governance (ESG) factors can have a material impact on a company's current and future corporate value, ESG considerations will be an integral component of its fundamental bottom up research. The research team routinely evaluate material ESG issues in accordance with an internally established framework. For the avoidance of doubt, the Investment Manager does not apply binding ESG criteria nor explicit ESG exclusions.

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 preferred stock, securities convertible into common stock, and corporate and government debt obligations which are US dollar and non-US dollar denominated. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.

The Fund may invest up to 100% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect, or Shenzhen-Hong Kong Stock Connect, through qualified foreign investor (QFI) portfolios, direct investments into China A-Shares through the QFI channel, UCIs and/or any permissible means available to the Fund under prevailing laws and regulations) and in China B-Shares.

The Fund may utilise financial derivative instruments for hedging and efficient portfolio management. These financial derivative instruments may be dealt in either on Regulated Markets or over-the-counter, and may include, inter alia, swaps (such as total return swaps on equity related indices, listed single stocks or baskets of listed single stocks), forwards, futures contracts (including those on equity indices), as well as warrants and options.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in equity securities of Chinese companies traded on stock exchanges in and outside Mainland China, as well as Hong Kong
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Chinese Market risk
- Concentration risk
- Emerging Markets risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Counterparty risk
- Debt Securities risk
- Derivative Instruments risk
- Equity risk
- Frontier Markets risk
- Liquidity risk
- Securities Lending risk

Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Templeton Asset Management Ltd and Templeton Investment Counsel, LLC

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON ASIA EQUITY TOTAL RETURN FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to provide total return through long term capital appreciation as well as income. The Fund also aims to offer a certain degree of downside and volatility reduction.

Investment Policy

The Fund invests primarily in transferable equity and equity-related securities as well as depository receipts of companies (i) which are incorporated in the Asia Region, and/or (ii) which have their principal business activities in the Asia Region, and/or (iii) which are listed on recognized exchanges in capital markets of the Asia Region. The Asia Region includes but is not limited to the following countries: Hong Kong, India, Indonesia, Korea, Malaysia, Mainland China, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan and Thailand, and excludes Australia, New Zealand and Japan. The Fund may also invest in equity securities of companies located outside of the Asia Region but which derive a significant proportion of their revenues or profits from the Asia Region or have a significant portion of their assets in the Asia Region. Under normal market conditions, the Fund invests primarily in common stocks.

Since the Investment Manager considers that Environmental, Social and Governance (ESG) factors can have a material impact on a company's current and future corporate value, ESG considerations will be an integral component of its fundamental bottom up research. The research

team routinely evaluate material ESG issues in accordance with an internally established framework. For the avoidance of doubt, the Investment Manager does not apply binding ESG criteria nor explicit ESG exclusions.

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, securities convertible into common stock, and corporate and government debt obligations which are US dollar and non-US dollar denominated. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.

The Fund may invest up to 20% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, through qualified foreign investor (QFI) portfolios, UCIs and/or any permissible means available to the Fund under prevailing laws and regulations) and in China B-Shares.

The Fund may further utilise financial derivative instruments for hedging and efficient portfolio management. These financial derivative instruments may include, inter alia, swaps (such as total return swaps on equity related indices, listed single stocks or baskets of listed single stocks), forwards, futures contracts (including those on equity indices), as well as options (including warrants) either dealt on Regulated Markets or over-the-counter.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (funded) amounts to 20% of the Fund's net assets, subject to a maximum of 40%.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- total return by investing in equity securities of companies in Asia, including Emerging Markets
- a certain degree of downside and volatility reduction
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Chinese Market risk
- Emerging Markets risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Counterparty risk
- Debt Securities risk
- Derivative Instruments risk
- Equity risk
- Frontier Markets risk
- Liquidity risk
- Securities Lending risk

Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Templeton Asset Management Ltd.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON ASIAN BOND FUND

Asset Class

Fixed Income Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's principal investment objective is to maximise, consistent with prudent investment management, total investment return consisting of a combination of interest income, capital appreciation and currency gains.

Investment Policy

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 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 employs Environmental, Social and Governance (ESG) methodologies on the sovereign and corporate issuers that are existing or potential investments for the Fund. The Fund's Environmental and/or Social characteristics (within the meaning of Article 8 SFDR) promoted are detailed in the Appendix G.

The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. 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 or fixed income related total return swaps), futures contracts (including those on government securities), as well as currency forwards, cross forwards and currency 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 linked to assets or currencies of any Asian country or deriving its value from another security. 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. The Fund may invest up to 40% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct).

The Fund may invest up to 33% of its net 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. The Fund may invest up to 25% of its net assets in debt securities issued 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. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.

In order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 8 of the SFDR
- total investment return consisting of interest income, capital appreciation and currency gains by investing in debt securities of issuers located throughout Asia
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Dividend Policy risk
- Liquidity risk
- Securities Lending risk
- Structured Notes risk
- Sustainability risk
- Swap Agreements risk

Global Exposure

The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is the JPMorgan Government Bond Index-Emerging Markets Broad Diversified Asia Index (100%).

The Expected Level of Leverage for the Fund should amount to 200%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

Franklin Advisers, Inc.

The Investment Manager has delegated, under its responsibility, all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund to Templeton Asset Management Ltd., which acts as sub-investment manager.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON ASIAN GROWTH FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is long-term capital appreciation.

Investment Policy

The Fund applies the traditional Templeton investment method. The stock selection approach is bottom-up, long-term value-oriented with strong emphasis on diligence and discipline.

The Fund invests primarily in transferable equity securities as well as depository receipts of companies (i) which are incorporated in the Asia Region, or (ii) which have their principal business activities in the Asia Region, or (iii) which are listed on recognized exchanges in capital markets of the Asia Region. The Asia Region includes but is not limited to the following countries: Hong Kong, India, Indonesia, Korea, Malaysia, Mainland China, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan and Thailand, and excludes Australia, New Zealand and Japan. The Fund may also invest in equity securities of companies located outside of the Asia Region but which derive a significant proportion of their revenues or profits from the Asia Region or have a significant portion of their assets in the Asia Region. Under normal market conditions, the Fund invests primarily in common stocks.

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 fixed income securities. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs⁶.

The Fund may invest up to 20% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, through qualified foreign investor (QFI) portfolios, UCIs and any permissible means available to the Fund under prevailing laws and regulations) and in China B-Shares.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in securities of companies in Asia, including Emerging Markets
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Chinese Market risk
- Concentration risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk

Other risks that may be relevant to the Fund⁷:

- Class Hedging risk
- Counterparty risk
- Equity risk
- Frontier Markets risk
- Securities Lending risk

⁶ As from 8 March 2023, the following paragraph will be added hereafter: "The Fund may also, in accordance with the investment restrictions, invest up to 5% of its net assets in securities issued by private companies provided that the contemplated investments qualify as transferable securities under paragraphs (1) or (2) a) of Article 41 of the Law of 17 December 2010."

⁷ As from 8 March 2023, a Private Companies risk will be added to the list of the other risks that may be relevant to the Fund.

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Templeton Asset Management Ltd.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON ASIAN SMALLER COMPANIES FUND**Asset Class**

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's principal investment objective is to provide long-term capital appreciation.

Investment Policy

The Fund invests primarily in transferable equity securities as well as depository receipts of small-cap companies (i) which are incorporated in the Asia region, or (ii) which 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. Furthermore, for the purpose of the Fund's investment objective, Asian small-cap companies are those having a market capitalisation at the time of initial purchase within the range of the market capitalisations of companies included in the MSCI AC Asia ex-Japan 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.

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 invest in participatory notes and other types of transferable securities, including equity and fixed income securities of issuers worldwide. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.

The Fund may invest up to 20% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, through qualified foreign investor (QFI) portfolios, UCIs and any permissible means available to the Fund under prevailing laws and regulations) and in China B-Shares.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in equity securities of small-cap companies located in the Asia region
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Chinese Market risk
- Concentration risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk

Other risks that may be relevant to the Fund:

- Counterparty risk
- Equity risk
- Frontier Markets risk
- Participatory Notes risk
- Securities Lending risk
- Smaller and Midsize Companies risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Templeton Asset Management Ltd. and Franklin Templeton International Services S.à r.l.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON BRIC FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

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.

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. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.

The Fund may invest up to 20% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, through qualified foreign investor (QFI) portfolios, UCIs and any permissible means available to the Fund under prevailing laws and regulations) and in China B-Shares.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in securities of companies in Brazil, Russia, India and China, including Hong Kong and Taiwan
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Chinese Market risk
- Concentration risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Counterparty risk
- Equity risk
- Non-Regulated Markets risk
- Russian and Eastern European Markets risk
- Securities Lending risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investments (Asia) Limited

The Investment Manager has delegated, under its responsibility, all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund to Templeton Asset Management Ltd., which acts as sub-investment manager.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON CHINA A-SHARES FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is long-term capital appreciation by investing primarily in China A-Shares, equity securities of Chinese companies listed in Mainland China.

Investment Policy

The Fund seeks to achieve its objective through a policy of investing primarily in China A-Shares, RMB-denominated shares of companies (i) organised under the laws of or with their principal offices in Mainland China, (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 and (iii) listed on Chinese stock exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

The Fund may invest in China A-Shares through Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, qualified foreign investor (QFI) channel, UCIs and/or any permissible means available to the Fund under prevailing laws and regulations and in China B-Shares. For the avoidance of doubt, the Fund will not invest 70% or more of its net assets in China A-Shares solely via the QFI channel.

Since the Investment Manager considers that Environmental, Social and Governance (ESG) factors can have a material impact on a company's current and future corporate value, ESG considerations will be an integral component of its fundamental bottom-up research. The research team routinely evaluate material ESG issues in accordance with an internally established framework. For the avoidance of doubt, the Investment Manager does not apply binding ESG criteria nor explicit ESG exclusions.

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 sovereign and corporate debt and fixed income securities, in equity securities of companies listed outside of Mainland China, including but not limited to Hong Kong and the US (limited to 30% of the Fund's total net assets), as well as in American and Global Depositary Receipts. The Fund may further invest up to 10% of its net assets in units of undertaking for collective investments such as UCITS or other UCIs.

In order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

The Fund may utilise financial derivative instruments for hedging and efficient portfolio management. These financial derivative instruments may be either dealt on Regulated Markets or over-the-counter, and may include, inter alia, futures contracts such as equity index futures as well as options such as equity index options.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in equity securities of companies domiciled in Mainland China and/or traded on Chinese stock exchanges
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Chinese Market risk
- Concentration risk
- Emerging Markets risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Counterparty risk
- Debt Securities risk
- Derivative Instruments risk
- Equity risk
- Liquidity risk
- Securities Lending risk

Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Templeton Asset Management Ltd. and Templeton Investment Counsel, LLC

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON CHINA FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund seeks to achieve its objective 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, 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.

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.

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.

The Fund may invest up to 20% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, through qualified foreign investor (QFI) portfolios, UCIs and any permissible means available to the Fund under prevailing laws and regulations) and in China B-Shares⁸.

The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in equity securities of China
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Chinese Market risk
- Concentration risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk

Other risks that may be relevant to the Fund:

- Convertible and Hybrid Securities risk
- Counterparty risk
- Equity risk
- Securities Lending risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Templeton Asset Management Ltd.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON EASTERN EUROPE FUND

Asset Class

Equity Fund

Base Currency

Euro (EUR)

⁸ As from 8 March 2023, this paragraph will be amended as follows: "The Fund may invest up to 100% of its net assets in China A-Shares (through Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, through qualified foreign investor (QFI) portfolios, UCIs and any permissible means available to the Fund under prevailing laws and regulations) and up to 20% of its net assets in China B-Shares. For the avoidance of doubt, the Fund will not invest 70% or more of its net assets in China A-Shares solely via the QFI channel."

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund seeks to achieve its objective by investing primarily in listed equity securities of issuers organised under the laws of, or with their principal activities within, the countries of Eastern Europe, as well as the New Independent States, e.g. the countries in Europe and Asia that were formerly part of or under the influence of the Soviet Union in the past (the "Region").

The Fund may also invest in securities issued by the governments of the above-mentioned countries and privatisation certificates of companies located, or with their principal activities, within the Region. Eastern Europe includes the following countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, the Czech Republic, Greece, Hungary, the Former Yugoslav Republic of Macedonia, Malta, Montenegro, Poland, Romania, Russia, Serbia, the Slovak Republic, Slovenia, and Turkey. The New Independent States that were formerly part of the Soviet Union, apart from Russia itself, include: Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. The Investment Manager anticipates that the Fund invests primarily in companies (i) of which, if listed, the principal equity securities market is in the Region; or (ii) that derive at least 50% of their revenues or profits from goods produced or sold, investments made, or services performed, in the Region; or (iii) that have at least 50% of their assets situated in the Region. The Fund primarily invests in equity securities of publicly traded companies. Preference is given to the countries with functioning stock markets where foreign investment is permitted and appropriate custodial arrangements exist.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in the Eastern European region, including Emerging Markets
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Emerging Markets risk
- Foreign Currency risk

Other risks that may be relevant to the Fund:

- Counterparty risk
- Equity risk
- Liquidity risk
- Russian and Eastern European Markets risk
- Securities Lending risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton International Services S.à r.l. and Templeton Asset Management Ltd.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

Additional Information

In the context of the invasion of Ukraine by Russia and the resulting impact of sanctions and the actions of governments and market counterparties on certain Russian issuers and assets, the following additional information is provided:

- to allow the proper functioning of the Fund, Russian assets held by the Fund as of 25 February 2022, have been segregated from the liquid assets within the Fund and allocated to seven share classes newly created to that effect on 11 November 2022 (the "Restricted Share Classes") and are managed with the aim to realize them in the best interest of the shareholders. Shares in such new classes listed in the table below have been allocated to shareholders on 11 November 2022 in a manner to reflect their respective percentage holdings in the Fund's total NAV as of 25 February 2022. The Restricted Share Classes are closed to subscriptions, redemptions and switches.

Restricted Share Classes
A (acc) EUR RC
A (Ydis) EUR RC
I (acc) EUR RC
N (acc) EUR RC
W (acc) EUR RC

X (acc) EUR RC

A (acc) USD RC

- following the allocation of the Russian assets to the Restricted Share Classes that were issued only to existing shareholders on 11 November 2022, the liquid part of the Fund's portfolio no longer has any exposure to Russian assets and the Fund will not make any further investments in Russian or Belarussian assets until further notice.

TEMPLETON EMERGING MARKETS BOND FUND

Asset Class

Fixed Income Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to maximise, consistent with prudent investment management, total investment return, consisting of a combination of interest income, capital appreciation and currency gains.

Investment Policy

The Fund seeks to achieve its objective by investing principally in a portfolio of fixed and floating-rate debt securities (including non-investment grade 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 can invest less than 30% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct).

The Fund employs Environmental, Social and Governance (ESG) methodologies on the sovereign and corporate issuers that are existing or potential investments for the Fund. The Fund's Environmental and/or Social characteristics (within the meaning of Article 8 SFDR) promoted are detailed in the Appendix G.

The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. 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 or fixed income related total return swaps), futures contracts (including those on government securities), as well as currency forwards, cross forwards and currency 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 linked to assets or currencies of any developing or Emerging Market country or deriving its value from another security. 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 net assets in securities in default. 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.

In order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

The Fund may invest up to 33% of its net 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. The Fund may invest up to 25% of its net assets in debt securities issued 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.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 8 of the SFDR
- potentially above-average levels of income, capital appreciation and currency gains by investing in Emerging Markets fixed income securities
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk

- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Distressed Securities risk
- Dividend Policy risk
- Frontier Markets risk
- Securities Lending risk
- Structured Notes risk
- Sustainability risk
- Swap Agreements risk
- Warrants risk

Global Exposure

The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is a blended benchmark consisting of the J.P. Morgan Emerging Markets Bond Index Global (EMBIG) (50%) and the J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) (50%).

The Expected Level of Leverage for the Fund should amount to 200%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON EMERGING MARKETS DYNAMIC INCOME FUND

Asset Class

Multi-Asset Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to maximise, consistent with prudent investment management, a combination of capital appreciation and interest income.

Investment Policy

The Fund seeks to achieve its objective by investing principally in a diversified portfolio of equity securities, fixed and floating-rate debt securities, including low-rated and non-investment grade 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. 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. The Fund can invest less than 30% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct).

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 net assets allocated to each may vary over time depending on the Investment Manager's view of the relative attractiveness of each asset class.

The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. 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. 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 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 (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 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. The Fund may invest up to 25% of its net assets in debt securities issued 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.

The Fund may invest up to 20% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, through qualified foreign investor (QFI) portfolios, UCIs and any permissible means available to the Fund under prevailing laws and regulations) and in China B-Shares.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 3% of the Fund's net assets, subject to a maximum of 5%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- maximise a combination of capital appreciation and interest income by investing in Emerging Markets
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Convertible and Hybrid Securities risk
- Counterparty risk
- Credit risk
- Dividend Policy risk
- Frontier Markets risk
- Non-Regulated Markets risk
- Participatory Notes risk
- Securities Lending risk
- Securitisation risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

The Investment Manager has delegated, under its responsibility, all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund to Templeton Asset Management Ltd., which acts as sub-investment manager.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON EMERGING MARKETS FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund seeks to achieve its objective 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.

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.

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. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.

The Fund may invest up to 20% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, through qualified foreign investor (QFI) portfolios, UCIs and any permissible means available to the Fund under prevailing laws and regulations) and in China B-Shares.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in Emerging Markets
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Chinese Market risk
- Concentration risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Counterparty risk
- Debt Securities risk
- Equity risk
- Frontier Markets risk
- Non-Regulated Markets risk
- Participatory Notes risk
- Russian and Eastern European Markets risk
- Securities Lending risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Templeton Asset Management Ltd. and Franklin Templeton Investment Management Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON EMERGING MARKETS LOCAL CURRENCY BOND FUND**Asset Class**

Fixed Income Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to maximise, consistent with prudent investment management, total investment return, consisting of a combination of interest income, capital appreciation and currency gains.

Investment Policy

The Fund seeks to achieve its objective by investing primarily in a portfolio of local currency-denominated fixed and floating rate debt securities and debt obligations (including but not limited to inflation/index linked and zero coupon debt instruments), of any maturity or credit rating

category (including investment grade, non-investment grade, low-rated and unrated securities), issued by government (including municipal, national and provincial), or government-related entities (including supranational organisations or entities organised or supported by several national governments, such as the International Bank for Reconstruction and Development or the European Investment Bank) located in developing or Emerging Market countries and when located outside Emerging Market countries, affected by the economic or financial dynamics of developing or Emerging Market countries⁹. The Fund may invest up to 30% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct).

The Fund employs Environmental, Social and Governance (ESG) methodologies on the sovereign and corporate issuers that are existing or potential investments for the Fund. The Fund's Environmental and/or Social characteristics (within the meaning of Article 8 SFDR) promoted are detailed in the Appendix G.

The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments may be either dealt on Regulated Markets or over-the-counter, and may include, inter alia, swaps, including currency, cross-currency, interest rate, inflation, variance and volatility swaps, total return swaps related to fixed income or currency as well as credit default swaps), futures contracts (including, but not limited to, futures on interest rates, bonds, currencies, equities, commodities and such related indexes), as well as forwards, currency forwards, cross forwards and currency options thereon. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or sovereign credit.

In order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

The Fund may also invest in Money Market Instruments (including US Agency obligations denominated in USD), as well as credit-linked notes 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 invest up to 10% of its net assets in units of UCI such as UCITS, Exchange Traded Funds ("ETF") as well as other UCIs. 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 net assets in securities in default.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (funded) amounts to 3% of the Fund's net assets, subject to a maximum of 5%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 8 of the SFDR
- potentially above-average levels of income, capital appreciation and currency gains by investing in Emerging Markets fixed income securities
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Credit-Linked Securities risk
- Distressed Securities risk
- Dividend Policy risk
- Frontier Markets risk
- Structured Notes risk
- Sustainability risk
- Swap Agreements risk
- Warrants risk

⁹ As from 10 March 2023, this sentence will be amended as follows: "The Fund seeks to achieve its objective by investing primarily in a portfolio of local currency-denominated fixed and floating rate debt securities and debt obligations (including but not limited to inflation/index linked and zero coupon debt instruments), of any maturity or credit rating category (including investment grade, non-investment grade, low-rated and unrated securities), issued by government (including municipal, national and provincial), government-related entities (including supranational organisations or entities organised or supported by several national governments, such as the International Bank for Reconstruction and Development or the European Investment Bank) or corporate issuers located in developing or Emerging Market countries and when located outside Emerging Market countries, affected by the economic or financial dynamics of developing or Emerging Market countries."

Global Exposure

The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is the JP Morgan Government Bond Index EM Global Diversified Index.

The Expected Level of Leverage for the Fund should amount to 200%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

Franklin Advisers, Inc. and Templeton Asset Management Ltd.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON EMERGING MARKETS SMALLER COMPANIES FUND**Asset Class**

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is long-term capital appreciation.

Investment Policy

The Fund seeks to achieve its objective 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.

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. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.

The Fund may invest up to 20% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, through qualified foreign investor (QFI) portfolios, UCIs and any permissible means available to the Fund under prevailing laws and regulations) and in China B-Shares.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in Emerging Markets small-cap securities
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Counterparty risk
- Equity risk
- Frontier Markets risk
- Participatory Notes risk
- Securities Lending risk
- Smaller and Midsize Companies risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Templeton Asset Management Ltd. and Franklin Templeton International Services S.à r.l.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON EMERGING MARKETS SUSTAINABILITY FUND**Asset Class**

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund has an investment objective of capital appreciation and reorientation of capital towards sustainability through investing in companies that demonstrate their positive sustainable contribution.

Investment Policy

The Fund seeks to achieve its objective through a policy of investing primarily in a diversified portfolio of equity securities of companies located or having their principal business activities in developing or emerging nations and which demonstrate good or improving sustainability criteria as defined by the Investment Managers' binding ESG rating methodology. The Fund aims to invest in companies which derive a significant proportion of their revenues or profits from emerging economies, have a significant portion of their assets in emerging economies and/or are linked to assets or currencies of emerging nations.

Sustainability considerations form a core and necessary part of each company's investment thesis. ESG factors provide a measure of sustainability and this assessment of a company is carried out alongside traditional financial and economic analysis. The Fund conducts a rigorous and holistic 3-pillar ESG assessment on each company which measures: (i) Alignment of products and/or services to positive environmental and/or social outcome areas, (ii) Intentionality to maintain or improve the ESG footprint of the company's operating model, and (iii) Transition potential for improvement through the Investment Managers' engagement as active owners. The Fund's sustainable investment objective (within the meaning of Art 9 SFDR), the 3 pillars of this ESG assessment and additional ESG exclusions the Fund applies are detailed in the Appendix G.

As a fundamental bottom up management, the investment research is predominately generated internally benefiting from the central role of analysts and portfolio managers of Franklin Templeton across a wide range of global, regional and single country strategies to generate investment ideas for this strategy. The Investment Managers strive not only to implement sustainability thesis in research, but also to uphold them throughout portfolio construction and maintenance, which includes actively working with investee companies to monitor and promote responsible practices that support environmental and social outcomes. The Investment Managers seek companies that are good or improving stewards aligned with shareholder interest and the Investment Managers' governance assessment includes regular dialogue with companies, monitoring material ESG issues and voting proxies.

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, participatory notes, securities convertible into common stock, American and Global Depositary Receipts as well as corporate and government debt obligations. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.

The Fund may invest up to 20% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, through qualified foreign investor (QFI) portfolios, UCIs and/or any permissible means available to the Fund under prevailing laws and regulations) and in China B-Shares.

The Fund may further utilise financial derivative instruments for hedging and/or efficient portfolio management. These financial derivative instruments may include, inter alia, swaps, forwards and futures contracts (including those on equity indices) as well as options (including warrants).

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking:

- invest in a Fund compliant with Article 9 of the SFDR
- for capital appreciation and reorientation of capital towards sustainability through investing in companies that demonstrate their positive sustainable contribution
- to invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Chinese Market risk
- Concentration risk
- Emerging Markets risk
- Foreign Currency risk
- Market risk
- Sustainability risk

Other risks that may be relevant to the Fund:

- Class Hedging risk

- Convertible and Hybrid Securities risk
- Counterparty risk
- Debt Securities risk
- Derivative Instruments risk
- Equity risk
- Frontier Markets risk
- Liquidity risk
- Non-Regulated Markets risk
- Participatory Notes risk
- Russian and Eastern European Markets risk
- Securities Lending risk
- Warrants risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Templeton Asset Management Ltd. and Franklin Templeton Investment Management Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON EUROLAND FUND

Asset Class

Equity Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund seeks to achieve its objective primarily through a policy of investing in equity and debt obligations of any issuer in a member country of the European Monetary Union (Eurozone countries), 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.

To ensure eligibility for the French *Plan d'Epargne en Actions* (PEA), the Fund invests at least 75% of its net assets in equity securities issued by companies which have their head office in the European Union.

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.

The Fund may also invest to a lesser extent in structured notes such as equity-linked notes.

The Fund may further utilise financial derivative instruments for hedging and efficient portfolio management. These financial derivative instruments may include, inter alia, futures contracts (including futures based on equity, equity index, interest rate and currency), forwards as well as options (such as equity options and equity index options dealt on Regulated Markets). Use of financial derivative instruments may result in negative exposure in a specific asset class, yield curve/duration or currency.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in undervalued equity securities issued by the member countries of the European Monetary Union
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Market risk

Other risks that may be relevant to the Fund:

- Convertible and Hybrid Securities risk
- Counterparty risk
- Derivative Instruments risk
- Equity risk

- Foreign Currency risk
- Liquidity risk
- Securities Lending risk
- Structured Notes risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investment Management Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON EUROPEAN DIVIDEND FUND

Asset Class

Equity Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund's investment objective is to provide a combination of current income and long-term capital appreciation.

Investment Policy

The Fund seeks to achieve its investment objective by investing principally in equity and equity-related securities (including warrants and convertible securities) of companies of any market capitalisation incorporated or having their principal business activities in European countries. In particular, the Fund seeks income by investing in stocks the Investment Manager believes offer attractive dividend yields at the time of purchase and the prospect for attractive dividend yields in the future.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may also on an ancillary basis seek investment opportunities in equity-linked securities of the abovementioned companies as well as equity, equity-linked and equity-related securities of companies which do not fulfil the requirements set out above.

The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments may be either dealt on Regulated Markets or over-the-counter, and may include, inter alia, forwards and cross forwards, futures contracts including index futures, or options on such contracts, equity-linked notes as well as options.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- income and capital appreciation by investing in equity securities of companies located in any European country
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Convertible and Hybrid Securities risk
- Counterparty risk
- Derivative Instruments risk
- Dividend Policy risk
- Equity risk
- Liquidity risk
- Securities Lending risk
- Warrants risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investment Management Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON EUROPEAN OPPORTUNITIES FUND

Asset Class
Equity Fund

Base Currency
Euro (EUR)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund seeks to achieve its investment objective by investing principally in equity and equity-related securities (including warrants and convertible securities) of companies of any market capitalisation. In selecting equity investments, the Investment Manager employs an active, bottom-up fundamental research process to search for individual securities believed to possess superior risk-return characteristics.

The Fund principally invests its net assets in securities of issuers incorporated or having their principal business activities in European countries.

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, which do not fulfil the requirements set out above.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in equity securities of companies located in any European country
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Foreign Currency risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Convertible and Hybrid Securities risk
- Counterparty risk
- Equity risk
- Securities Lending risk
- Warrants risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investment Management Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON EUROPEAN SMALL-MID CAP FUND

Asset Class
Equity Fund

Base Currency
Euro (EUR)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund seeks to achieve its investment objective by investing principally in equity and equity-related securities (including warrants and convertible securities) of small and mid-cap European companies. In selecting equity investments, the Investment Manager employs an active, bottom-up fundamental research process to search for individual securities believed to possess superior risk-return characteristics.

The Fund principally invests its net assets in the securities of issuers incorporated or having their principal business activities in European countries and which have a market capitalisation above euro 100 million and below euro 8 billion or the equivalent in local currencies at the time of purchase.

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, which do not fulfil the requirements set out above.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in equity securities of small or mid cap companies located in any European country
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Foreign Currency risk
- Smaller and Midsize Companies risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Convertible and Hybrid Securities risk
- Counterparty risk
- Equity risk
- Securities Lending risk
- Warrants risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investment Management Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON FRONTIER MARKETS FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's principal investment objective is to provide long-term capital appreciation.

Investment Policy

The Fund invests principally in transferable equity securities of companies (i) incorporated in the Frontier Markets countries, or (ii) which have their principal business activities in Frontier Market countries across the market capitalisation spectrum. The Frontier Market countries are smaller, less developed and less accessible Emerging Market countries, but with "investable" equity markets and include those defined as Frontier Markets by the International Finance Corporation as well as included in Frontier Markets-related indices (including but not limited to: MSCI Frontier Emerging Markets Select Countries Capped Index, Merrill Lynch Frontier Index, S&P Frontier Broad Market Index), for example Bahrain, Bulgaria, Egypt, Kazakhstan, Nigeria, Pakistan, Qatar, Vietnam, etc.

Since the investment objective is more likely to be achieved through an investment policy which is flexible and adaptable, the Fund may also invest in participatory notes and other types of transferable securities, including equity, equity-related and fixed income securities of issuers worldwide as well as in financial derivative instruments for hedging purposes and efficient portfolio management. These financial derivative instruments may include, inter alia, forwards and financial futures contracts, or options on such contracts, equity-linked notes either dealt on Regulated Markets or over-the-counter.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in equity securities of companies located in countries defined as Frontier Markets

- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Concentration risk
- Foreign Currency risk
- Frontier Markets risk
- Liquidity risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Counterparty risk
- Derivative Instruments risk
- Equity risk
- Participatory Notes risk
- Securities Lending risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investments (Asia) Limited

The Investment Manager has delegated, under its responsibility, all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund to Franklin Templeton Investments (ME) Limited, which acts as sub-investment manager.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL BALANCED FUND

Asset Class

Balanced Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to seek capital appreciation and current income, consistent with prudent investment management.

Investment Policy

The Fund seeks to achieve its objective by investing principally in equity securities and government debt securities issued by entities throughout the world, including Emerging Markets.

The Investment Managers anticipate 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 (including up to 5% of the Fund's net assets in non-investment grade securities) 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 can invest less than 30% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct). 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 net assets into fixed income securities.

The Fund may also utilise financial derivative instruments for hedging purposes and 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.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation and a level of income by accessing a portfolio of both equity and fixed income securities via a single fund
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Credit risk
- Debt Securities risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Convertible and Hybrid Securities risk
- Counterparty risk
- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Liquidity risk
- Securities Lending risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Templeton Investment Counsel, LLC and Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL BOND (EURO) FUND

Asset Class

Fixed Income Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund's principal investment objective is to maximise, consistent with prudent investment management, total investment return consisting of a combination of interest income, capital appreciation and currency gains.

Investment Policy

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 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 invest up to 30% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct).

The Fund employs a proprietary Environmental, Social and Governance (ESG) rating methodology to assess each country that issues sovereign bonds that are existing or potential investments for the Fund. The Fund's Environmental and/or Social characteristics (within the meaning of Article 8 SFDR) promoted are detailed in the Appendix G.

The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. 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 or fixed income related total return swaps), currency forwards and cross currency 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 (such as credit-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. 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, including convertible bonds 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 for cash management purposes only. The non-Euro component of the portfolio may be hedged into euro. Under normal market conditions, the Fund aims to maintain a net exposure of at least 85% to the Euro.

In order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

The name of the Fund reflects the base currency of the Fund being in Euro, and does not necessarily imply that any particular proportion of the Fund's net invested assets are denominated in Euro.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 8 of the SFDR
- maximise total investment return consisting of a combination of interest income, capital appreciation and currency gains
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Liquidity risk
- Securities Lending risk
- Structured Notes risk
- Sustainability risk
- Swap Agreements risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL BOND FUND

Asset Class

Fixed Income Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's principal investment objective is to maximise, consistent with prudent investment management, total investment return consisting of a combination of interest income, capital appreciation and currency gains.

Investment Policy

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 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 can invest less than 30% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct).

The Fund employs a proprietary Environmental, Social and Governance (ESG) rating methodology to assess each country that issues sovereign bonds that are existing or potential investments for the Fund. The Fund's Environmental and/or Social characteristics (within the meaning of Article 8 SFDR) promoted are detailed in the Appendix G.

The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments may be either dealt on Regulated Markets or over-the-counter, and may include, inter alia, swaps (such as interest rate swaps, credit default swaps or fixed income related total return swaps), currency forwards and cross currency 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 (such as credit-linked securities, mortgage- and asset-backed securities) 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 net assets in securities in default. The Fund may purchase fixed income securities and debt obligations denominated in any currency, including convertible bonds 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 for cash management purposes only.

In order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

The Fund may invest up to 25% of its net assets in debt securities issued 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.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 3% of the Fund's net assets, subject to a maximum of 5%.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 8 of the SFDR
- maximise total investment return consisting of a combination of interest income, capital appreciation and currency gains
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Dividend Policy risk
- Liquidity risk
- Securities Lending risk
- Structured Notes risk
- Sustainability risk
- Swap Agreements risk

Global Exposure

The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is a blended benchmark consisting of the 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%).

The Expected Level of Leverage for the Fund should amount to 200%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL CLIMATE CHANGE FUND

Asset Class

Equity Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund's investment objective is to contribute towards climate change mitigation and adaptation as considered by the Paris Climate Agreement while seeking capital appreciation.

In order to achieve the long-term global warming targets of the Paris Climate Agreement, the Fund pursues decarbonization primarily through investments in solutions to reduce greenhouse gas emissions, and secondarily through investments in companies committed to aligning their own self-decarbonization trajectory with the 1.5-degree scenario.

Investment Policy

The Fund seeks to achieve its objective by primarily investing in equity securities of global companies that provide solutions for the mitigation and/or adaptation of climate change risk or which are in the process of making their business models more resilient to long-term risks presented by climate change and resource depletion. Such companies are, in our view, better prepared financially and competitively for a transition to a low carbon and more resource constrained economy. The Investment Manager uses in-depth analysis to select equity securities which it believes are undervalued, based on such factors as their expected long-term earnings and the value of the business assets.

The Fund aims to achieve its climate change mitigation and adaptation objective by investing in companies that reduce emissions, improve resource efficiency and limit the physical consequences of climate change so as to align the Fund's portfolio carbon footprint with the landmark Paris Climate Agreement adopted in December 2015.

The Fund seeks to invest in companies that are good stewards of their impact on social and environmental development. Environmental, social and governance (ESG) issues are considered alongside traditional financial measures to identify responsible and effective stewards of capital and provide a more comprehensive view of the longer-term value, risk and sustainable return potential of an investment. ESG issues evaluated will include elements such as 1) Environmental - how a company manages its impact on the environment (energy use, climate change, waste, pollution, natural resource conservation), 2) Social - how a company manages relationships with its employees, suppliers, customers and the communities where it operates (human rights, labour standards, employee engagement, community relations, data protection and privacy, gender and diversity) and 3) Governance - how a company's oversight is structured to ensure responsible and effective management (company's leadership, degree of independent directors, executive pay, independent audits and internal controls, shareholder rights). The Investment Manager's ESG approach also includes regular dialogue with companies, monitoring material ESG issues and voting proxies.

The Fund's sustainable investment objective (within the meaning of Art 9 SFDR), the investment strategy and additional ESG exclusions the Fund applies are detailed in the Appendix G.

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. The Fund may also invest up to 10% of its net assets in units of undertaking for collective investments such as UCITS, Exchange Traded Funds ("ETFs") as well as other UCIs.

In order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

The Fund may further utilise financial derivative instruments for hedging and efficient portfolio management. These financial derivative instruments may include, inter alia, swaps, currency forwards, futures contracts (including futures based on equity, equity index, interest rate and currency), equity and equity index options, equity linked notes, as well as options (including covered calls and warrants).

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 9 of the SFDR
- invest in equity securities of global companies that provide solutions for the mitigation and/or adaptation of climate change risk, while seeking capital appreciation
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Foreign Currency risk
- Market risk
- Sustainability risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Convertible and Hybrid Securities risk
- Counterparty risk
- Derivative Instruments risk
- Emerging Markets risk
- Equity risk
- Liquidity risk
- Securities Lending risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Templeton Investment Management Limited

The Investment Manager has delegated, under its responsibility, all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund to Franklin Templeton Investments Corp. and Templeton Global Advisors Limited, which act as sub-investment managers.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL EQUITY INCOME FUND**Asset Class**

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to provide a combination of current income and long-term capital appreciation.

Investment Policy

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 offers attractive dividend yields. The Investment Manager seeks capital appreciation by searching for undervalued or out-of-favour securities offering current income 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.

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.

The Fund may further utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. 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 or total return swaps on equity indices), forwards and cross forwards, futures contracts (including futures based on equity, equity index, interest rate, currency and government securities), as well as options (including covered calls). The Fund may also purchase participatory 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 country.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation and current income from their equity investments
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Counterparty risk
- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Equity risk
- Liquidity risk
- Participatory Notes risk
- Securities Lending risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Templeton Investment Counsel, LLC

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL FUND**Asset Class**

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund seeks to achieve its objective through a policy of investing in equity securities of companies throughout the world, including Emerging Markets. The Fund invests principally in common stocks.

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.

The Fund may further utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments may include, inter alia, futures contracts (including futures based on equity, equity index, interest rate and currency), forwards as well as options. Use of financial derivative instruments may result in negative exposure in a specific asset class, yield curve/duration or currency.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in undervalued securities in a well-diversified global equity fund
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Emerging Markets risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Convertible and Hybrid Securities risk
- Counterparty risk
- Equity risk
- Liquidity risk
- Securities Lending risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Templeton Global Advisors Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL HIGH YIELD FUND**Asset Class**

Fixed Income Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's principal investment objective is to earn a high level of current income. As a secondary objective, the Fund seeks capital appreciation, but only when consistent with its principal objective.

Investment Policy

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 can invest less than 30% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct). The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. 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 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 net assets in securities in default.

The Fund may invest up to 25% of its net assets in debt securities issued 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.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- high level of income and prospects of capital appreciation by accessing a portfolio of high-yield debt securities from issuers worldwide
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Dividend Policy risk
- Restructuring Companies risk
- Securities Lending risk
- Securitisation risk
- Swap Agreements risk

Global Exposure

The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is a blended benchmark consisting of the 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%).

The Expected Level of Leverage for the Fund should amount to 120%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL INCOME FUND

Asset Class

Balanced Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is to maximise current income while maintaining prospects for capital appreciation.

Investment Policy

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 Managers believe offer attractive dividend yields. The Fund can invest less than 30% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct). 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 debt securities issued by US and non-US issuers including securities in default. The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. 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 or fixed income related total return swaps), forwards and cross forwards, futures contracts (including futures based on equity, equity index, interest rate, currency and 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 Fund may invest up to 25% of its net assets in debt securities issued 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.

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

In order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- a combination of current income and capital appreciation by accessing a portfolio of both equity and fixed income securities via a single fund
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Dividend Policy risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Securities Lending risk
- Swap Agreements risk

Global Exposure

The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is a blended benchmark consisting of the MSCI All Country World Index (50%), the Bloomberg Multiverse Index (25%), the Bloomberg 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%).

The Expected Level of Leverage for the Fund should amount to 120%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

Franklin Advisers, Inc. and Templeton Investment Counsel, LLC

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL SMALLER COMPANIES FUND

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund seeks to achieve its objective through a policy of investing in equity of smaller companies throughout the world, including Emerging Markets. The Fund invests principally in common stocks of such companies. For the purpose of the Fund's investment objective, smaller 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 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.

The Fund may also invest 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.

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.

The Fund may further utilise financial derivative instruments for hedging and efficient portfolio management. These financial derivative instruments may include, inter alia, swaps, currency forwards, futures contracts (including futures based on equity, equity index, interest rate and currency), equity and equity index options, equity linked notes, as well as options (including warrants).

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- long-term capital appreciation by investing in undervalued equity securities of small-cap companies located around the world
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Foreign Currency risk
- Liquidity risk
- Market risk
- Smaller and Midsize Companies risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Convertible and Hybrid Securities risk
- Counterparty risk
- Derivative Instruments risk
- Emerging Markets risk
- Equity risk
- Securities Lending risk
- Warrants risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Templeton Investment Counsel, LLC

The Investment Manager has delegated, under its responsibility, all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund to Franklin Templeton Investments Corp., which acts as sub-investment manager.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL TOTAL RETURN FUND

Asset Class

Fixed Income Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's principal investment objective is to maximise, consistent with prudent investment management, total investment return consisting of a combination of interest income, capital appreciation, and currency gains.

Investment Policy

The Fund seeks to achieve its objective by investing principally in a portfolio of fixed and floating-rate debt securities and debt obligations (including investment grade and non-investment grade securities) 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 employs a proprietary Environmental, Social and Governance (ESG) rating methodology to assess government bond issuers, which is derived from a composite of subcategories determined to be material to macroeconomic performance. The research team assigns scores on all invested countries by overlaying their views on a benchmark created by global indexes for current scores. Projected numbers in anticipation of how conditions will change in the medium term are emphasized as part of the research process. Preference is given to countries with higher ESG ratings or projected neutral to improving ESG ratings. ESG subcategories, weightings, and global indexes used may change over time. The Investment Manager performs ESG rating methodology on all potential and current holdings but the results of this methodology can be deviated from in the portfolio construction.

The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. 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, interest rate 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 or structured products (such as credit-linked securities, 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 can invest less than 30% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct). 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.

In order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets)...

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 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.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 5% of the Fund's net assets, subject to a maximum of 10%.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- maximise total investment return consisting of a combination of interest income, capital appreciation and currency gains
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Dividend Policy risk
- Securities Lending risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure

The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is a blended benchmark consisting of the Bloomberg Multiverse Index (50%), the Bloomberg 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 Expected Level of Leverage for the Fund should amount to 200%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL TOTAL RETURN II FUND**Asset Class**

Fixed Income Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's principal investment objective is to maximise, consistent with prudent investment management, total investment return consisting of a combination of interest income, capital appreciation, and currency gains.

Investment Policy

The Fund seeks to achieve its objective by investing principally in a portfolio of fixed and floating-rate debt securities and debt obligations (including investment grade and non-investment grade securities) 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 employs a proprietary Environmental, Social and Governance (ESG) rating methodology to assess government bond issuers, which is derived from a composite of subcategories determined to be material to macroeconomic performance. The research team assigns scores on all invested countries by overlaying their views on a benchmark created by global indexes for current scores. Projected numbers in anticipation of how conditions will change in the medium term are emphasized as part of the research process. Preference is given to countries with higher ESG ratings or projected neutral to improving ESG ratings. ESG subcategories, weightings, and global indexes used may change over time. The Investment Manager performs ESG rating methodology on all potential and current holdings but the results of this methodology can be deviated from in the portfolio construction.

The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. The use of financial derivative instruments for investment purposes, measured according to the approach defined in the Code on Unit Trust and Mutual Funds in Hong Kong, is limited to 50%. 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, interest rate 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 or structured products (such as credit-linked securities, 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 can invest less than 30% of its net assets in Mainland China through the Bond Connect or directly (also referred

to as CIBM direct). 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.

In order to achieve its investment goals and for treasury purposes, the Fund may hold significant amounts of bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions (up to 100% of its net assets).

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 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.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Exposure to total return swaps

The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 5% of the Fund's net assets, subject to a maximum of 10%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- maximise total investment return consisting of a combination of interest income, capital appreciation and currency gains
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Class Hedging risk
- Convertible and Hybrid Securities risk
- Credit-Linked Securities risk
- Dividend Policy risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure

The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is a blended benchmark consisting of the Bloomberg Multiverse Index (50%), the Bloomberg 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 Expected Level of Leverage for the Fund should amount to 200%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)

Franklin Advisers, Inc.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON GROWTH (EURO) FUND

Asset Class

Equity Fund

Base Currency

Euro (EUR)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund invests principally in equity securities including common stocks and preferred stocks of companies located anywhere in the world, including Emerging Markets.

Equity securities generally entitle the holder to participate in a company's general operating results. The Fund also invests in American, European, and Global Depository Receipts. These are certificates issued typically by a bank or a trust company that give their holders the right to receive securities issued by a foreign or domestic company. Depository Receipts do not eliminate currency and economic risks for underlying shares of a company operating in another country.

Depending upon current market conditions, the Fund may also invest up to 25% of its net assets in debt securities of companies and governments located anywhere in the world. Debt securities represent an obligation of the issuer to repay a loan of money to it and generally provide for the payment of interest. These include bonds, notes (including equity-linked notes) and debentures.

The Fund may further utilize financial derivative instruments for hedging and efficient portfolio management. These financial derivative instruments may include, inter alia, futures contracts (including futures based on equity, equity index, interest rate and currency), forwards as well as options (such as equity options and equity index options). Use of financial derivative instruments may result in negative exposure in a specific asset class, yield curve/duration or currency.

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, as well as on other measures that the Investment Manager deems appropriate to determine a company's value.

The name of the Fund reflects the base currency of the Fund being in euro and does not necessarily imply that any particular proportion of the Fund's net invested assets is made in euro.

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

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in undervalued securities in a well-diversified global equity fund with the euro as its base currency
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Emerging Markets risk
- Foreign Currency risk
- Liquidity risk
- Market risk

Other risks that may be relevant to the Fund:

- Chinese Market risk
- Counterparty risk
- Derivative Instruments risk
- Equity risk
- Securities Lending risk
- Structured Notes risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Templeton Global Advisors Limited

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

TEMPLETON LATIN AMERICA FUND**Asset Class**

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation.

Investment Policy

The Fund seeks to achieve its objective, under normal market conditions, through a policy of investing primarily in equity securities and as an ancillary matter in debt securities of issuers incorporated or having their principal business activities in the Latin American region. The Latin American region includes, but is not limited to, the following countries: Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, French Guyana, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Surinam, Trinidad/Tobago, Uruguay and Venezuela. The balance of the Fund's net assets may be invested in equity securities and debt obligations of companies and government entities of countries other than those named above.

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 denominated in currencies other than Latin American currencies such as US dollar or euro.

Exposure to securities lending transactions

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets, subject to a maximum of 50%.

Investor Profile

Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- capital appreciation by investing in equity securities in Latin America, including Emerging Markets
- invest for the medium to long term

Risk Considerations

Principal risks to the Fund's investment strategy:

- Emerging Markets risk
- Foreign Currency risk
- Liquidity Risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Convertible and Hybrid Securities risk
- Counterparty risk
- Equity risk
- Frontier Markets risk
- Securities Lending risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc.

The Investment Manager has delegated, under its responsibility, all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund to Franklin Templeton Investimentos (Brasil) Ltda., which acts as sub-investment manager.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

RISK CONSIDERATIONS

Investors must read this "Risk Considerations" section before investing in any of the Funds.

The value of the Shares will increase as the value of the securities owned by any Fund increases and will decrease as the value of the Fund's investments decreases. In this way, Investors participate in any change in the value of the securities owned by the relevant Fund(s). In addition to the factors that affect the value of any particular security that a Fund owns, the value of the Fund's Shares may also change with movements in the stock and bond markets as a whole.

A Fund may own securities of different types, or from different asset classes (equities, bonds, Money Market Instruments, financial derivative instruments) depending on the Fund's investment objective.

Different investments have different types of investment risk. The Funds also have different kinds of risks, depending on the securities they hold. This "Risk Considerations" section contains explanations of the various types of investment risks that may be applicable to the Funds. Please refer to the section "Fund Information, Objectives and Investment Policies" of this Prospectus for details as to the principal risks applicable to each Fund. Investors should be aware that other risks may also be relevant to the Funds from time to time.

General

This section explains some of the risks that apply to all the Funds. It does not purport to be a complete explanation and other risks may also be relevant from time to time. In particular, the Company's performance may be affected by changes in market and/or economic and political conditions, and in legal, regulatory and tax requirements. No guarantee or representation is made that the investment program will be successful

and there can be no assurance that the Fund(s)' investment objective(s) will be attained. Also, past performance is no guide to future performance, and the value of investments may go down as well as up. Changes in rates of exchange between currencies may cause the value of a Fund's investments to diminish or increase.

The Company or any of its Funds may be exposed to risks that are outside of their control – for example legal and regulatory risks from investments in countries with unclear and changing laws or the lack of established or effective avenues for legal redress or as a result of the registration of the Funds in non-EU jurisdictions, the Funds may be subject, without any notice to the shareholders in the Funds concerned, to more restrictive regulatory regimes potentially preventing the Funds from making the fullest possible use of the investment limits. Regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future regulatory action on the Company could be substantial and adverse. The Funds may be exposed to the risk of terrorist actions, to the risk that economic and diplomatic sanctions may be in place or imposed on certain States and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity. Investors are reminded that in certain circumstances their right to redeem Shares may be suspended as further described in Appendix D.

The Company or any of its Funds may be exposed to operational risks, being the risk that operational processes, including those related to the safekeeping of assets, valuation and transaction processing may fail, resulting in losses. Potential causes of failure may arise from human errors, physical and electronic system failures and other business execution risks as well as external events.

African Markets risk

Investments in Emerging Market countries involve risks as set out in the section "Emerging Markets risk" below. Investments in African Markets, or in companies that earn significant revenues or have major operations in Africa, involve risks similar to investments in Emerging Markets but to a greater extent, since African Markets are generally smaller, less developed and less accessible than most Emerging Markets. African Markets have had a tendency to experience greater political, social and economic instability, and may have less transparency, less ethical practices and weaker corporate governance compared to Emerging Markets. Shares traded on African Markets may be highly volatile, suffer from a lack of liquidity and transparency and have a higher financial risk. Many African Markets are also more dependent on extractive industries or agriculture, which can be impacted by volatility in the prices for the commodities being extracted or cultivated.

Model risk

The Investment Manager and/or Investment Co-Managers may use modeling systems to implement their investment strategies for a Fund. There is no assurance that the modeling systems are complete or accurate, or representative of future market cycles, nor will they necessarily be beneficial to the Fund even if they are accurate. The investment performance generated by these models may perform differently than anticipated and may negatively affect Fund performance. Human judgment plays a role in building, using, testing, and modifying the financial algorithms and formulas used in these models. Additionally, there is a possibility that the historical data may be imprecise or become stale due to new events or changing circumstances which the models may not promptly detect. Market performance can be affected by non-quantitative factors (for example, market or trading system dysfunctions, investor fear or over-reaction or other emotional considerations) that are not easily integrated into the Investment Manager's or Investment Co-Managers' risk models. There may also be technical issues with the construction and implementation of quantitative models (for example, software or other technology malfunctions, or programming inaccuracies).

Chinese Market risk

Risks associated with the Chinese Market are similar to the "Emerging Markets risk" described below. With the government having a greater control over allocation of resources, the risks that naturally prevail in this type of market is political and legal uncertainty, currency fluctuations and blockage, no government support on reform or nationalisation and expropriation of assets. Such risks can have a negative impact on the performance of the relevant Fund.

The Chinese market is undergoing economic reform, these reforms of decentralisation are unprecedented or experimental and subject to modification which may not always have a positive outcome on the performance of the economy and then the value of securities in the relevant Fund.

Securities traded in the Chinese markets may be subject to a range of reputational risks such as risks borne by companies being subject to cyber abuses, sanctions concerns and negative accusations over labor and human rights, environmental degradation, ties to high-risk countries and entities overseas.

The Chinese economy is also export driven and highly reliant on trade. Adverse changes in the economic conditions of its primary trading partners such as the US, Japan and South Korea would adversely impact the Chinese economy and the relevant Fund investments.

In recent years, political tensions within Hong Kong have risen. Such increased political tensions could have potential impacts on the political and legal structures in Hong Kong. They could also affect investor and business confidence in Hong Kong, which in turn could affect markets and business results.

There are also risk and uncertainties associated with the current Mainland China tax laws, regulations and practice in respect of capital gains realized on the Fund's investment in Mainland China (which may have retrospective effect). Any increased tax liabilities on the Fund may adversely affect the Fund's value.

Funds investing in the Chinese Market may also be subject to other specific risks listed below:

China Bond Connect risk

Bond Connect is a mutual market access scheme allowing overseas investors to trade in bonds circulated on the China Interbank Bond Market (CIBM) through connection between the Mainland and Hong Kong financial infrastructure institutions without quota limitations.

The Northbound Trading link commenced on 3 July 2017 with transactions being made possible through mutual access arrangements in respect of trading, custody and settlement. It involves China Foreign Exchange Trading System, China Central Depository & Clearing Co, Shanghai

Clearing House, Hong Kong Exchanges & Clearing plus the Central Moneymarkets Unit (CMU). A delivery versus payment (DVP) settlement system for transactions through the Bond Connect scheme was implemented in August 2018 thereby reducing settlement risk.

The ultimate foreign eligible investors are the beneficial owners of the relevant CIBM bonds and may exercise their rights against the bond issuer through CMU as the nominee holder. The nominee holder may exercise its creditor rights and bring actions against bond issuers in Chinese courts.

CIBM securities traded via the Bond Connect can be subject to risks including but not limited to risk of default from counterparties, settlement risk, liquidity risk, operational risk, regulatory risks, PRC tax risk and reputational risk.

The Bond Connect encompasses recently developed trading systems. There can be no assurance that those systems will function correctly or will not be subject to further changes or adaptation.

Securities traded through the Bond Connect will also be subject to the risks described under "CIBM direct risk" below.

CIBM direct risk

Some funds may elect to trade directly on the on-shore China bond market (Chinese Interbank Bond Market or CIBM) as it gives access to a greater range of products and counterparties. The CIBM also allows trading in CNY as opposed to the Bond Connect where trades are executed in CNH.

Trading in the CIBM may bear specific risks where market volatility and potential lack of liquidity may result in prices of certain debt securities fluctuating significantly. Funds investing in such market are therefore subject to liquidity and volatility risks and may suffer losses in trading on-shore China bonds.

To the extent that a Fund transacts in the China interbank bond market in on-shore China, the Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

The China interbank bond market is also subject to regulatory risks: the relevant rules and regulations may be subject to change which may have potential retrospective effect. If the relevant mainland Chinese authorities suspend account opening or trading on the CIBM, a Funds' ability to invest in the CIBM will be adversely affected. In such event, a Funds' ability to achieve its investment objective may be negatively affected.

There is no specific written guidance by the Mainland China tax authorities on the treatment of income tax and other tax categories payable in respect of trading in the CIBM by eligible foreign investors via the Bond Connect.

China QFI risk

The Company may invest in China A-Shares through a qualified foreign investor (QFI) portfolios. Such QFI schemes are authorised by the China Securities Regulatory Commission of Mainland China thus permitting investments in the securities market of Mainland China (China A-Shares). The laws, regulations, including measures allowing QFIs to invest in China A-Shares, government policies and political and economic climate in China may change with little or no advance notice. Any such change could adversely affect market conditions and the performance of the Chinese economy and, thus, the value of China A-Shares.

The redemption of the China A-Shares may depend, inter alia, on the Mainland China laws and practice affecting Investor's ability to liquidate investments and to remit the proceeds thereof out of Mainland China. The repatriation restrictions, and any failure or delay in obtaining relevant approvals from Chinese authorities could restrict the relevant portfolio's ability to satisfy all or any redemption requests in respect of any particular redemption date.

Investors in a Fund investing in QFI's portfolio and/or China A-Shares should in particular be informed that the liquidity of securities held by the Fund may be substantially limited and might therefore affect the Fund's ability to meet redemption requests.

Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect risk

Certain Funds may invest and have direct access to certain eligible China A-Shares via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect (together referred to as "Stock Connect"). Shanghai-Hong Kong Stock Connect is a securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited ("**HKEx**"), Shanghai Stock Exchange ("**SSE**") and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**"). Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links programme developed by HKEx, Shenzhen Stock Exchange ("**SZSE**") and ChinaClear. The aim of Stock Connect is to achieve mutual stock market access between Mainland China and Hong Kong.

The Stock Connect comprises two Northbound Trading Links, one between SSE and Stock Exchange of Hong Kong Limited ("**SEHK**"), and the other between SZSE and SEHK. Stock Connect will allow foreign investors to place orders to trade eligible China A-Shares listed on the SSE ("**SSE Securities**") or on the SZSE ("**SZSE Securities**") (the SSE Securities and SZSE Securities collectively referred to as the "**Stock Connect Securities**") through their Hong Kong based brokers.

The SSE Securities include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on the SEHK, except (i) those SSE-listed shares which are not traded in RMB and (ii) those SSE-listed shares which are included in the "risk alert board". The list of eligible securities may be changed subject to the review and approval by the relevant PRC regulators from time to time. The SZSE Securities include all the constituent stocks from time to time of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which has a market capitalization of at least RMB 6 billion, and all the SZSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except those SZSE-listed shares (i) which are not quoted and traded

in RMB, (ii) which are included in the "risk alert board"; (iii) which have been suspended from listing by the SZSE; and (iv) which are in the pre-delisting period. The list of eligible securities may be changed subject to the review and approval by the relevant PRC regulators from time to time.

Further information about the Stock Connect is available online at the website:

http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/Documents/Investor_Book_En.pdf

In addition to the risks associated with the Chinese market and risks related to investments in RMB, investments through the Stock Connect are subject to additional risks, namely, quota limitations, suspension risk, operational risk, restrictions on selling imposed by front-end monitoring, recalling of eligible stocks, clearing and settlement risks, nominee arrangements in holding China A-Shares and regulatory risk.

Quota limitations

The programmes are subject to a daily quota limitation which may restrict a Funds' ability to invest in Stock Connect Securities through the programmes on a timely basis. In particular, once the Northbound daily quota is reduced to zero or the Northbound daily quota is exceeded during the opening call session, new buy orders will be rejected (although investors will be allowed to sell their cross-boundary securities regardless of the quota balance).

Suspension risk

Each of the SEHK, SZSE and SSE reserves the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. In case of a suspension, the Funds' ability to access the Mainland China market will be adversely affected.

Differences in trading day

Stock Connect only operates on days when both Mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement day. Due to the difference in trading days between the Mainland China and the Hong Kong markets, there may be occasions when it is a normal trading day for the Mainland China market but not in Hong Kong and, accordingly, the Funds cannot carry out any Stock Connect Securities trading. The Funds may therefore be subject to a risk of price fluctuations in China A-Shares during the periods when Stock Connect is not operational.

Restrictions on selling imposed by front-end monitoring

Mainland China regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise both SZSE and SSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A-Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

Clearing settlement and custody risks

Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEx ("HKSCC") and ChinaClear establish the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the China Securities Regulatory Commission ("CSRC"). The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the relevant Fund(s) may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

The China A-Shares traded through Stock Connect are issued in scripless form, so investors, such as the relevant Funds, will not hold any physical China A-Shares. Hong Kong and overseas investors, such as the Funds, who have acquired Stock Connect Securities through Northbound trading should maintain the Stock Connect Securities with their brokers' or custodians' stock accounts with the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK. Further information on the custody set-up relating to the Stock Connect is available upon request at the registered office of the Company.

Operational risk

The Stock Connect provides a new channel for investors from Hong Kong and overseas, such as the Funds, to access the China stock market directly. The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial program to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect program requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system ("China Stock Connect System") to be set up by SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The relevant Funds' ability to access the China A-Share market (and hence to pursue their investment strategy) will be adversely affected.

Nominee arrangements in holding China A-Shares

HKSCC is the "nominee holder" of the Stock Connect securities acquired by overseas investors (including the relevant Fund(s)) through the Stock Connect. The CSRC Stock Connect rules expressly provide that investors such as the Funds enjoy the rights and benefits of the Stock Connect securities acquired through the Stock Connect in accordance with applicable laws. However, the courts in Mainland China may consider that any nominee or custodian as registered holder of Stock Connect securities would have full ownership thereof, and that even if the concept of beneficial owner is recognised under Mainland China law those SSE securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently, the relevant Fund(s) and the Depository cannot ensure that the Fund's ownership of these securities or title thereto is assured in all circumstances.

Under the rules of the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the Stock Connect securities in Mainland China or elsewhere. Therefore, although the relevant Funds' ownership may be ultimately recognised, these Funds may suffer difficulties or delays in enforcing their rights in China A-Shares.

To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depository and the relevant Fund(s) will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that a Fund suffers losses resulting from the performance or insolvency of HKSCC.

Investor compensation

Investments of the relevant Funds through Northbound trading under the Stock Connect will not be covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

Since default matters in Northbound trading via the Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. On the other hand, since the relevant Funds are carrying out Northbound trading through securities brokers in Hong Kong but not Mainland China brokers, therefore they are not protected by the China Securities Investor Protection Fund in Mainland China.

Trading costs

In addition to paying trading fees and stamp duties in connection with China A-Share trading, the relevant Funds may be subject to new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which are yet to be determined by the relevant authorities.

Mainland China tax consideration

The Management Company and/or Investment Manager reserve the right to provide for tax on gains of the relevant Fund that invests in Mainland China securities thus impacting the valuation of the relevant Funds. With the uncertainty of whether and how certain gains on Mainland China securities are to be taxed, the possibility of the laws, regulations and practice in Mainland China changing, and the possibility of taxes being applied retrospectively, any provision for taxation made by the Management Company and/or the Investment Manager may be excessive or inadequate to meet final Mainland China tax liabilities on gains derived from the disposal of Mainland China securities. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such gains will be taxed, the level of provision and when they purchased and/or sold their shares in/from the relevant Fund.

On 14 November 2014, the Ministry of Finance, State of Administration of Taxation and CSRC jointly issued a notice in relation to the taxation rule on the Stock Connect under Caishui 2014 No.81 ("Notice No.81"). Under Notice No.81, Corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (such as the Funds) on the trading of China A-Shares through the Stock Connect with effect from 17 November 2014. However, Hong Kong and overseas investors (such as the Funds) are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies.

Regulatory risk

The CSRC Stock Connect rules are departmental regulations having legal effect in Mainland China. However, the application of such rules is untested, and there is no assurance that Mainland China courts will recognise such rules, e.g. in liquidation proceedings of Mainland China companies.

The Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in Mainland China and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connect will not be abolished. The relevant Funds which may invest in the Mainland China markets through Stock Connect may be adversely affected as a result of such changes.

Class Hedging risk

The Company may engage in currency hedging transactions with regard to a certain Share Class (the "Hedged Share Class"). Hedging transactions are designed to reduce, as much as possible, the currency risk for investors.

Any financial instruments used to implement such hedging strategies with respect to one or more Classes of a Fund shall be assets and/or liabilities of such Fund as a whole, but will be attributable to the relevant Class(es) and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class. Any currency exposure of a Class may not be combined with or offset against that of any other Class of a Fund. The currency exposure of the assets attributable to a Class may not be allocated to other Classes. No intentional leveraging should result from currency hedging transactions of a Class although hedging may exceed 100% by a small margin (as further detailed in the Hedged Share Classes sub-section) as in the case of a net investment flow to or from a Hedged Share Class the hedging may not be adjusted and reflected in the Net Asset Value of the Hedged Share Class until the following or a subsequent Business Day following the Valuation Day on which the instruction was accepted.

There is no guarantee that attempts to hedge currency risk will be successful and no hedging strategy can eliminate currency risk entirely. Should a hedging strategy be incomplete or unsuccessful, the value of that Fund's assets and income can remain vulnerable to fluctuations in currency exchange rate movements.

In the case of a net investment flow to or from a Hedged Share Class the hedging may not be adjusted and reflected in the Net Asset Value of the Hedged Share Class until the following or a subsequent Business Day following the Valuation Day on which the instruction was accepted.

Investors should be aware that there may be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the relevant Fund. The gains/losses on and the costs of such hedging transactions will accrue solely to the relevant Hedged Share Class.

This risk for holders of any Hedged Share Class may be mitigated by using any of the efficient portfolio management techniques and instruments (including currency options and forward currency exchange contracts, currency futures, written call options and purchased put options on currencies and currency swaps), within the conditions and limits imposed by the Luxembourg financial supervisory authority.

Investors should be aware that the hedging strategy may substantially limit Investors of the relevant Hedged Share Class from benefiting from any potential increase in value of the Share Class expressed in the reference currency(ies), if the Hedged Share Class currency falls against the reference currency(ies). Additionally, Investors of the Hedged Share Class may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains/losses on and the associated transactions costs of the relevant financial instruments used to implement the hedging strategy. The gains/losses on and the transactions costs of the relevant financial instruments will accrue solely to the relevant Hedged Share Class.

Further, investors should be aware that the hedging strategy may act as a drag or boost to performance as a result of the Interest Rate Differential between the Hedged Share Class currency and the reference currency(ies). Where there is a positive Interest Rate Differential between the Hedged Share Class currency over the reference currency(ies) an increase in relative performance of the Hedged Share Class over the reference currency(ies) class may be observed. The opposite may be true and it should be noted that if the interest rate of the reference currency of the hedged share class is lower than the interest rate of the base currency of the Fund, the interest rate carry is likely to be negative and a decrease in relative performance of the Hedged Share Class may be observed.

More details as to the rules governing allocation of assets and liabilities at a Class level are contained in Appendix D.

Commodities Related Exposure risk

A Fund's exposure to investments in commodities related instruments presents unique risks. Investing in commodities related instruments, including trading in commodities indices and financial derivative instruments related to commodities, is speculative and can be extremely volatile. Market prices of commodities may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships (whether actual, perceived, anticipated, unanticipated or unrealised); weather; agriculture; trade; domestic and foreign political and economic events and policies; diseases; pestilence; technological developments; and monetary and other governmental policies, action and inaction. The current or "spot" prices of physical commodities may also affect, in a volatile and inconsistent manner, the prices of futures contracts in respect of the relevant commodity.

Certain commodities are used primarily in one industry, and fluctuations in levels of activity in (or the availability of alternative resources to) one industry may have a disproportionate effect on global demand for a particular commodity.

By focusing on the energy or materials sectors some Funds carry greater risks of adverse developments than a Fund that invests in a wider variety of industries. The securities of companies in the energy or materials sectors may experience more price volatility than securities of companies in other industries. Some of the commodities used as raw materials or produced by these companies are subject to broad price fluctuations as a result of industry wide supply and demand factors.

Securities of companies involved in the extraction or commerce of energy and materials, such as oil, gas and precious metals, may operate in Countries with less developed markets and legal framework. Such companies may be more prone to risks linked to political instability, changes in taxation or regulation.

Concentration risk

Some Funds may have an investment policy which specifically states an intention to maintain a portfolio with holdings in a relatively limited number of issuers or a concentrated allocation to a given economic sector, market segment or geographical area. By being less diversified, such Funds may be more volatile than broadly diversified Funds, or may be exposed to greater risk since under performance of one or a few positions, sectors or geographical areas will have a greater impact on the Funds' assets. The relevant Funds may be adversely affected as a result of such greater volatility or risk.

Convertible and Hybrid Securities risk

A convertible security is generally a debt obligation, preferred stock or other security that pays interest or dividends and may be converted by the holder within a specified period of time into common stock at a specified conversion price. The value of convertible securities may rise and fall with the market value of the underlying stock or, like a debt security, vary with changes in interest rates and the credit quality of the issuer. A convertible security tends to perform more like a stock when the underlying stock price is high relative to the conversion price (because more of the security's value resides in the option to convert) and more like a debt security when the underlying stock price is low relative to the conversion price (because the option to convert is less valuable). Because its value can be influenced by many different factors, a convertible security is not as sensitive to interest rate changes as a similar non-convertible debt security, and generally has less potential for gain or loss than the underlying stock.

Hybrid securities are those that, like convertible securities described above, combine both debt and equity characteristics. Hybrids may be issued by corporate entities (referred to as corporate hybrids) or by financial institutions (commonly referred as contingent convertible bonds or "CoCos"). Hybrid securities are subordinated instruments that generally fall in the capital structure between equity and other subordinated debt, i.e. such securities will be the most junior securities above equity. Such securities will generally have a long maturity and may even be perpetual in nature. Coupon payments may be discretionary and as such may be cancelled by the issuer at any point, for any reason, and for any length of time. The cancellation of coupon payments may not amount to an event of default. Hybrid securities are callable at pre-determined levels. It cannot be assumed that hybrid securities, including perpetual securities, will be called on the call date. The investor may not receive return of principal on a given call date or on any date.

Contingent convertible securities issued by financial institutions ("CoCos"), which became popular following the 2008-2009 financial crisis as a way of mitigating the impact of stressed market conditions, have certain additional characteristics not typical of corporate hybrids. For CoCos, conversion is tied to a pre-specified trigger event based on the capital structure of the financial institution and/or when the regulator deems

the bank to be no longer viable. The contingent convertible bond may convert to equity or, alternatively, may be purely loss absorbing and convert to nothing. Trigger levels may differ from one issue to the next and the risk of conversion will depend on the distance of the capital ratio to the trigger level and/or the point at which the regulator deems the issuer no longer viable (i.e. the bonds are "bail-in-able" at the "point of non-viability" or PONV), making it difficult for the Investment Manager and/or Investment Co-Managers of the relevant Fund to anticipate the triggering events that would require the debt to convert into equity or be simply loss absorbing. It may also be difficult for the Investment Manager and/or Investment Co-Manager to assess how the securities will behave upon conversion. Because conversion occurs after a specified event, conversion may occur when the share price of the underlying equity is less than when the bond was issued or purchased. Whereas traditional convertible securities are convertible at the option of the holder and the holder of such bonds will generally convert when the share price is higher than the strike price (i.e. when the issuer is doing well), CoCos tend to convert when the issuer is in crisis and needs additional equity or loss absorption in order to survive. As a result, there is greater potential for capital loss with CoCos compared to conventional convertible securities. The trigger could be activated through a material loss in capital as represented in the numerator or an increase in risk weighted assets (due to a shift to riskier assets) as measured in the denominator. Unlike for corporate hybrids, cancelled coupon payments do not generally accumulate and are instead written off. Holders of CoCos may see their coupons cancelled while the issuer continues to pay dividends on common equity, unlike the case of corporate hybrids which typically have so-called "dividend pusher/stopper clauses" which link the payment of hybrid coupons to equity dividends. CoCos may suffer from capital structure inversion risk, since investors in such securities may suffer loss of capital when equity holders do not in the event the pre-defined trigger is breached before the regulator deems the issuer non-viable (if the regulator declares non-viability before such a breach, the normal creditor hierarchy should apply). The value of CoCos may be subject to a sudden drop in value should the trigger level be reached. A Fund may be required to accept cash or securities with a value less than its original investment or, in the event of instances where the contingent convertible bond is intended to be only loss absorbing, the Fund may lose its entire investment.

Counterparty risk

Counterparty risk is the risk to each party of a contract that the counterparty will fail to perform its contractual obligations and/or to respect its commitments under the term of such contract, whether due to insolvency, bankruptcy or other cause.

When over-the-counter (OTC) or other bilateral contracts are entered into (inter alia OTC derivatives, repurchase agreements, security lending, etc.), the Company may find itself exposed to risks arising from the solvency of its counterparties and from their inability to respect the conditions of these contracts.

Credit risk

Credit risk, a fundamental risk relating to all fixed income securities as well as Money Market Instruments, is the chance that an issuer will fail to make principal and interest payments when due. Issuers with higher credit risk typically offer higher yields for this added risk. Conversely, issuers with lower credit risk typically offer lower yields. Generally, government securities are considered to be the safest in terms of credit risk, while corporate debt, especially those with poorer credit ratings, have the highest credit risk. Changes in the financial condition of an issuer, changes in economic and political conditions in general, or changes in economic and political conditions specific to an issuer (particularly a sovereign or supranational issuer), are all factors that may have an adverse impact on an issuer's credit quality and security values. Related to credit risk is the risk of downgrade by a rating agency. Rating agencies such as Standard & Poor's, Moody's and Fitch, among others, provide ratings for a wide array of fixed income securities (corporate, sovereign, or supranational) which are based on their creditworthiness. The agencies may change their ratings from time to time due to financial, economic, political, or other factors, which, if the change represents a downgrade, can adversely impact the value of the affected securities.

Credit-Linked Securities risk

Credit-linked securities are debt securities that represent an interest in a pool of, or are otherwise collateralised by one or more corporate debt obligations or credit default swaps incorporating debt or bank loan obligations. Such debt obligations may represent the obligations of one or more corporate issuers. A Fund that invests in credit-linked securities has the right to receive periodic interest payments from the issuer of the credit-linked security (usually the seller of the underlying credit default swap(s)) at an agreed-upon interest rate, and a return of principal at the maturity date.

A Fund that invests in credit-linked securities bears the risk of loss of its principal investment, and the periodic interest payments expected to be received for the duration of its investment in the credit-linked security, in the event that one or more of the debt obligations underlying the credit default swaps go into default or otherwise become non-performing. Upon the occurrence of such a credit event (including bankruptcy, failure to timely pay interest or principal, or a restructuring), the Fund affected will generally reduce the principal balance of the related credit-linked security by the Fund's pro rata interest in the par amount of the defaulted underlying debt obligation in exchange for the actual value of the defaulted underlying obligation or the defaulted underlying obligation itself, resulting in a loss of a portion of the Fund's investment. Thereafter, interest on the credit-linked security will accrue on a smaller principal balance and a smaller principal balance will be returned at maturity. To the extent a credit-linked security represents an interest in underlying obligations of a single corporate or other issuer, a credit event with respect to such issuer presents greater risk of loss to a Fund than if the credit-linked security represented an interest in underlying obligations of multiple issuers.

In addition, the Fund bears the risk that the issuer of the credit-linked security will default or become bankrupt. In such an event, the Fund may have difficulty being repaid, or fail to be repaid, the principal amount of its investment and the remaining periodic interest payments thereon.

An investment in credit-linked securities also involves reliance on the counterparty to the credit default swap entered into with the issuer of the credit-linked security to make periodic payments to the issuer under the terms of the swap. Any delay or cessation in the making of such payments may be expected in certain instances to result in delays or reductions in payments to the Fund as an investor in such credit-linked securities. Additionally, credit-linked securities are typically structured as limited recourse obligations of the issuer of such securities such that the securities issued will usually be obligations solely of the issuer and will not be obligations or responsibilities of any other person.

Most credit-linked securities are structured as US Rule 144A securities so that they may be freely traded among institutional buyers. A Fund will generally only purchase credit-linked securities, which are determined to be liquid in the opinion of the Investment Manager and/or the Investment Co-Managers. However, the market for credit-linked securities may suddenly become illiquid. The other parties to the transaction may be the only investors with sufficient understanding of the derivative to be interested in bidding for it. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for credit-linked securities. In certain cases, a market price for a credit-linked security

may not be available or may not be reliable, and the Fund could experience difficulty in selling such security at a price the Investment Manager and/or the Investment Co-Managers believes is fair.

The value of a credit-linked security will typically increase or decrease with any change in value of the underlying debt obligations, if any, held by the issuer and the credit default swap. Further, in cases where the credit-linked security is structured such that the payments to a Fund are based on amounts received in respect of, or the value of performance of, any underlying debt obligations specified in the terms of the relevant credit default swap, fluctuations in the value of such obligation may affect the value of the credit-linked security.

Custody risk

Assets of the Company (including for avoidance of doubt any assets that the Company acquires during securities lending, repurchase or reverse repurchase transactions) are safe kept by the Depository and Investors are exposed to the risk of the Depository not being able to fully meet its obligation to reconstitute in a short timeframe all of the assets of the Company in the case of bankruptcy of the Depository. The assets of the Company will be identified in the Depository's books as belonging to the Company. Securities and debt obligations (including loan assignments and loan participations) held by the Depository will be segregated from other assets of the Depository which mitigates but does not exclude the risk of non-restitution in case of bankruptcy. However, no such segregation applies to cash which increases the risk of non-restitution in case of bankruptcy. The Depository does not keep all the assets of the Company itself but uses a network of sub-custodians which are not part of the same group of companies as the Depository. Investors are also exposed to the risk of bankruptcy of the sub-custodians. A Fund may invest in markets where custodial and/or settlement systems are not fully developed.

Debt Securities risk

All Funds that invest in debt securities or Money Market Instruments are subject to interest rate risk, credit risk, default risk and may be exposed to specific risks including but not limited to sovereign risk, high yield securities risk, restructuring risk and risk related to the use of credit ratings.

A fixed income security's value will generally increase in value when interest rates fall and decrease in value when interest rates rise. Fixed income securities with longer-term maturities tend to be more sensitive to interest rate changes than shorter-term securities.

Variable rate securities (which include floating-rate debt securities) generally are less sensitive to interest rate changes than fixed rate debt securities.

Some Funds may invest in debt securities on which the issuer is not currently making interest payments (defaulted debt securities). These Funds may buy defaulted debt securities if, in the opinion of the Investment Manager and/or the Investment Co-Managers, it appears likely that the issuer may resume interest payments or other advantageous developments appear likely in the near future. These securities may become illiquid.

Sovereign debt securities can be subject to risks in addition to those relating to debt securities and foreign securities generally, including, but not limited to, the risk that a governmental entity may be unwilling or unable to pay interest and repay principal on its sovereign debt. There are generally no bankruptcy proceedings for sovereign debt. If a sovereign debtor defaults (or threatens to default) on its sovereign debt obligations, the indebtedness may be restructured. In the event of a default on sovereign debt, a Fund may have limited legal recourse against the defaulting government entity.

Funds may invest in Sovereign Debt issued by governments or government-related entities from countries referred to as Emerging Markets or Frontier Markets, which bear additional risks compared to more developed markets due to such factors as greater political and economic uncertainties, currency fluctuations, repatriation restrictions or capital controls.

Some Funds may invest in higher-yielding securities rated lower than investment grade. High-yield debt securities (including loans) and unrated securities of similar credit quality ("high-yield debt instruments" or "junk bonds") involve greater risk of loss, or delays of interest and principal payments, than higher-quality debt securities. Issuers of high-yield debt instruments are not as strong financially as those issuing securities of higher credit quality. High-yield debt instruments are generally less liquid and their prices fluctuate more than higher-quality securities.

Some Funds may also invest in the securities of companies involved in mergers, consolidations, liquidations and reorganisations (including those involving bankruptcy). Such corporate events could be disruptive to the business and management structure of the companies involved, which may expose the Funds to higher investment risk.

The use of credit ratings in evaluating debt securities can involve certain risks, including the risk that the credit rating may not reflect the issuer's current financial condition or events similar to the security was last rated by a rating agency. Credit ratings may be influenced by conflicts of interest or based on historical data that no longer apply or are accurate. Recently, legislation and regulations to reform rating agencies have been proposed and may adversely impact the Fund's investments or investment process.

Debt securities are subject to prepayment risk when the issuer can "call" the security, or repay principal, in whole or in part, prior to the security's maturity. When a Fund reinvests the prepayments of principal it receives, it may receive a rate of interest that is lower than the rate on the existing security, potentially lowering the Fund's income, yield and its distributions to shareholders. Securities subject to prepayment may offer less potential for gains during a declining interest rate environment and have greater price volatility. Prepayment risk is greater in periods of falling interest rates.

Derivative Instruments risk

The performance of derivative instruments depends largely on the performance of an underlying currency, security, index or other reference asset, and such instruments often have risks similar to the underlying instrument, in addition to other risks. A Fund may use options, futures, options on futures, and forward contracts on currencies, securities, indices, interest rates or other reference assets for hedging, efficient portfolio management and/or investment purposes. Derivative instruments involve costs and can create economic leverage in the Fund's portfolio which may result in significant volatility and cause the Fund to participate in losses (as well as gains) in an amount that significantly exceeds the Fund's initial investment. In the case of futures transactions, the amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may

work for or against the Fund. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

Transactions in options may also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the Fund is fixed, the Fund may sustain a loss well in excess of that amount. The Fund will also be exposed to the risk of the purchaser exercising the option and the Fund will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the Fund holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced. The risk of loss to a Fund for a swap transaction on a net basis depends on which party is obliged to pay the net amount to the other party. If the counterparty is obliged to pay the net amount to the Fund, the risk of loss to the Fund is the loss of the entire amount that the Fund is entitled to receive; if the Fund is obliged to pay the net amount, the Fund's risk of loss is limited to the net amount due (please also refer to "Swap Agreements risk").

Certain derivatives have the potential for a high degree of leverage regardless of the size of the initial investment. The use of leverage may cause a Fund to liquidate portfolio positions to satisfy its obligations or to meet asset segregation requirements when it may not be advantageous to do so. Other risks include illiquidity, mispricing or improper valuation of the derivative instrument, and imperfect correlation between the value of the derivative and the underlying instrument so that a Fund may not realise the intended benefits. Their successful use will usually depend on the Investment Manager's and/or Investment Co-Managers' ability to accurately forecast movements in the market relating to the underlying instrument. Should a market or markets, or prices of particular classes of investments move in an unexpected manner, especially in unusual or extreme market conditions, a Fund may not achieve the anticipated benefits of the transaction, and it may realise losses, which could be significant. If the Investment Manager or Investment Co-Manager is not successful in using such derivative instruments, a Fund's performance may be worse than if the Investment Manager or Investment Co-Manager did not use such derivative instruments at all. To the extent that a Fund uses such instruments for hedging purposes, there is the risk of imperfect correlation between movements in the value of the derivative instrument and the value of the underlying investment or other asset being hedged. There is also the risk, especially under extreme market conditions, that an instrument, which usually would operate as a hedge, provides no hedging benefits at all.

A Fund may engage in transactions involving derivative instruments that trade on exchanges or that may be privately negotiated and trade "over-the-counter" (OTC) and not on an exchange. Exchange-traded derivatives include futures, options, options on futures, and warrants. Examples of OTC derivative instruments include currency forwards, interest rate swaps, credit default swaps, total return swaps or contracts for differences. Use of such OTC instruments could result in a loss if the counterparty to the transaction (with respect to forward currency contracts and other OTC derivatives) does not perform as promised, including because of such counterparty's bankruptcy or insolvency. This risk may be heightened during volatile market conditions. Collateral is employed for many OTC derivative transactions – it needs to be transferred to the counterparty if a Fund has a net loss on a given transaction and a Fund may hold collateral received from the counterparty to the Fund if the Fund has a net gain on a given transaction. The value of the collateral may fluctuate, however, and it may be difficult to sell, so there are no assurances that the value of collateral held will be sufficient to cover the amount owed to a Fund or will not be absorbed by other outstanding obligations of the counterparty. Other risks include the inability to close out a position because the trading market becomes illiquid (particularly in the OTC markets) or the availability of counterparties becomes limited for a period of time. In addition, the presence of speculators in a particular market could lead to price distortions. To the extent that a Fund is unable to close out a position because of market illiquidity, the Fund may not be able to prevent further losses of value in its derivatives holdings and the Fund's liquidity may be impaired to the extent that it has a substantial portion of its otherwise liquid assets marked as segregated to cover its obligations under such derivative instruments. A Fund may also be required to take or make delivery of an underlying instrument that the Investment Manager would otherwise have attempted to avoid. Some derivatives can be particularly sensitive to changes in interest rates or other market prices. Investors should bear in mind that, while a Fund may intend to use derivative strategies on a regular basis, it is not obligated to actively engage in these transactions, generally or in any particular kind of derivative, if the Investment Manager and/or Investment Co-Managers elects not to do so due to availability, cost or other factors.

Financial derivative instruments may be used for, among other purposes, synthetic short selling. According to the Law of 17 December 2010, the short selling of securities or any physical instrument is not permitted. In order to replicate short exposure either for investment purposes or to hedge a long position in the same or a similar asset, synthetic short selling can be accomplished through the use of derivatives. The purchase of credit default swaps (CDS), for example, for a particular issuer without owning a debt obligation of that issuer effectively results in the Fund having a short exposure to that issuer. The Fund may also purchase credit default swaps to hedge an existing position in the same issuer. Purchasing a put option on a stock, debt obligation, or a currency without owning the stock, debt obligation or currency is also effectively going short (and again such a transaction may be entered into for the purpose of hedging an existing position). The only investment at risk in such strategies is the premium paid for the CDS or option, unlike the case of going short actual stocks, bonds or currencies where the full investment in such assets is at risk. Another synthetic short selling strategy is the selling of interest rate futures which will benefit from a rise in interest rates, thereby replicating going short interest rates. Where premium is paid for such synthetic short selling strategies (e.g. for credit default swaps or put options), there is the possibility of losing the entire investment if no credit event occurs (in the case of credit default swaps) or the option expires worthless (because the underlying asset did not fall below the strike price). Where a futures contract is entered into (e.g. selling interest rate futures), the potential loss is governed by the degree to which interest rates move down instead of up, the conversion factor applied vis-à-vis the basket of eligible securities, the time to delivery, and the notional amount associated with the contract. Additional strategies similar to these may be implemented with similar consequences and potential risks. Risk is mitigated by virtue of daily adjustment of variation margin and/or the maintenance of eligible collateral against the position. There is no assurance that such synthetic short selling strategies as described herein will be as effective in achieving short exposure for investment or hedging purposes as actual short selling strategies.

Under recent financial reforms, certain types of derivatives (i.e., certain swaps) are, and others eventually are expected to be, required to be cleared through a central counterparty. Central clearing is designed to reduce counterparty credit risk and increase liquidity compared to OTC swaps, but it does not eliminate those risks completely. With cleared swaps, there is also a risk of loss by a Fund of its initial and variation margin deposits in the event of bankruptcy of the FCM with which the Fund has an open position in a swap contract. If an FCM does not provide accurate reporting, the Fund is also subject to the risk that the FCM could use the Fund's assets to satisfy its own financial obligations or the payment obligations of another customer to the central counterparty. With cleared swaps, a Fund may not be able to obtain as favourable terms as it would be able to negotiate for a bilateral, uncleared swap. In addition, an FCM may unilaterally amend the terms of its agreement with a Fund, which may include the imposition of position limits or additional margin requirements with respect to the Fund's investment in certain types of swaps. Central counterparties and FCMs generally can require termination of existing cleared swap transactions at any time, and can also require increases in margin above the margin that is required at the initiation of the swap agreement.

The regulation of cleared and uncleared swaps, as well as other derivatives, is a rapidly changing area of law and is subject to modification by government and judicial action. In addition, regulators and exchanges in many jurisdictions are authorised to take extraordinary actions in the

event of a market emergency, including, for example, the implementation or reduction of speculative position limits, the implementation of higher margin requirements, the establishment of daily price limits and the suspension of trading. It is not possible to predict fully the effects of current or future regulation. New requirements, even if not directly applicable to a Fund, may increase the cost of a Fund's investments and cost of doing business, which could adversely affect investors.

The use of derivative strategies may also have a tax impact on a Fund. The timing and character of income, gains or losses from these strategies could impair the ability of the Investment Manager or Investment Co-Manager to utilise derivatives when it wishes to do so.

Dilution and Swing Pricing risk

The actual cost of purchasing or selling the underlying investments of a Fund may be different from the carrying value of these investments in the Fund's valuation. The difference may arise due to dealing and other costs (such as taxes) and/or any spread between the buying and selling prices of the underlying investments.

These dilution costs can have an adverse effect on the overall value of a Fund and thus the Net Asset Value per Share may be adjusted in order to avoid disadvantaging the value of investments for existing Shareholders. The size of the adjustment impact is determined by factors such as the volume of transactions, the purchase or sale prices of the underlying investments and the valuation method adopted to calculate the value of such underlying investments of the Fund.

Distressed Securities risk

Investment in distressed securities may cause additional risks for a Fund. Such securities are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and principal or maintain other terms of the offer documents over any long period of time. Distressed securities are commonly understood as securities issued by companies undergoing financial pressure due to possible bankruptcy, re-structuring, or other financial turmoil. Changing market conditions may have a greater adverse impact on such securities and a portfolio holding substantial amounts of distressed securities may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Recovery of interest and principal may involve additional cost for the relevant Fund. Under such circumstances, the returns generated from the relevant Fund's investments may not compensate the shareholders adequately for the risks assumed.

For the purpose of this Prospectus, distressed securities are to be understood as including defaulted securities, and securities that are being rated CCC or below by at least 2 ratings agencies, or if unrated, their equivalent and have a credit spread above 1,000 bps. However, with respect to securities with a credit spread higher than 1000 bps (irrespective of their credit rating), the Investment Manager will proceed to additional analyses and verifications notably based on the evolution of the security's credit spread and the rating provided by other credit agencies in order to assess whether this security should be requalified as a distressed security. This procedure is further described in the Management Company's risk management process.

Distribution risk

Distribution of dividends, if any, is not guaranteed. Only shareholders whose names are entered on the relevant record date shall be entitled to the distribution declared in respect of the corresponding quarterly, interim or annual accounting period, as the case may be. The net asset value of the relevant Fund will be reduced by the amount of dividend paid.

Dividend-paying Equity risk

There can be no guarantee that the companies that a Fund invests in and which have historically paid dividends will continue to pay dividends or to pay dividends at the current rates in the future. The reduction or discontinuation of dividend payments may have a negative impact on the value of the Fund's holdings and consequently, the Fund/investors may be adversely impacted.

Dividend Policy risk

Certain Funds, particularly those that pursue investment strategies seeking to generate income, may have a dividend policy that allows for payment of dividends out of capital as well as from income and net realised and net unrealised capital gains. Where this is done, while it may allow for more income to be distributed, it also amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. This has the effect of reducing capital and the potential for long-term capital growth as well as increasing any capital losses. Examples of when this may occur include:

- if the securities markets in which the Fund invests were sufficiently declining so that the Fund has incurred net capital losses;
- if dividends are paid gross of fees and expenses such that fees and expenses are paid out of net realised and net unrealised capital gains or initially subscribed capital.

Any distribution of dividends made partially or entirely out of the Fund's capital may reduce capital growth and may result in an immediate reduction of the net asset value per share. See also "Taxation of the Company" section below.

Emerging Markets risk

All Fund investments in the securities issued by corporations, governments, and government related entities in different nations and denominated in different currencies involve certain risks. These risks are typically increased in developing countries and Emerging Markets. Such risks, which can have adverse effects on portfolio holdings, may include: (i) investment and repatriation restrictions; (ii) currency fluctuations; (iii) the potential for unusual market volatility as compared to more industrialised nations; (iv) government involvement in the private sector; (v) limited investor information and less stringent investor disclosure requirements; (vi) shallow and substantially smaller liquid securities markets than in more industrialised countries, which means a Fund may at times be unable to sell certain securities at desirable prices; (vii) certain local tax law considerations; (viii) limited regulation of the securities markets; (ix) international and regional political and economic developments; (x) possible imposition of exchange controls or other local governmental laws or restrictions; (xi) the increased risk of adverse effects from deflation and inflation; (xii) the possibility of limited legal recourse for the Fund; and (xiii) the custodial and/or the settlement systems may not be fully developed.

Investors in Funds investing in Emerging Markets should in particular be informed that the liquidity of securities issued by corporations and public-law entities in Emerging Markets may be substantially smaller than with comparable securities in industrialised countries.

In particular, in respect of high-risk emerging market countries, the Net Asset Value, the marketability and the returns derived from a particular Fund's investments may be significantly affected by uncertainties such as political or diplomatic developments, social and religious instability, changes in government policies, taxation and interest rates, currency conversion and repatriation, and other political, economic, legislative or regulatory developments in emerging markets and, in particular, the risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level of foreign ownership. All of these events may adversely affect the overall investment climate and, in particular investment opportunities for the relevant Fund. The denomination "Emerging Markets" covers a wide range of countries with differing economic and political situations. A degree of portfolio concentration in high-risk emerging market countries will entail greater exposure to the risks described above for a given portfolio.

Equity risk

Investments in equity securities offer the potential for substantial capital appreciation. However, such investments also involve risks, including issuer, industry, market and general economic related risks. Although the Investment Manager (or relevant Sub-Investment Manager) will use diversification to reduce some of these risks, adverse developments or perceived adverse developments in one or more of these areas could cause a substantial decline up to a total loss of the value of equity securities owned by a Fund.

Additionally a Fund may invest in specific types of securities bearing additional price risks or liquidity risks, specific to their nature. Such securities may include but are not limited to: (i) Special Purpose Acquisition Companies (SPACs) which may have no existing business operations (ii) Private Investments in Public Equity (PIPE) and/or (iii) Initial Public Offerings (IPOs).

ESG Regulatory Risk

The regulatory framework with respect to sustainable investments is constantly developing and evolving. The lack of common or harmonised definitions and labels regarding ESG and sustainability criteria or clear guidelines on the required level of disclosure may result in different approaches by asset managers when integrating ESG and sustainability criteria into investment decisions and updating the marketing documentation of an investment vehicle. Therefore, a degree of subjectivity is required and this will mean that a Fund may invest in a security that another asset manager or an investor would not and the level of disclosure in the Company's marketing documentation may be more or less detailed than the disclosure inserted in the marketing documentation of other investment vehicles. Hence, it may be difficult to compare investment vehicles, with ostensibly similar objectives as these investment vehicles will employ different security selection and exclusion criteria. Consequently, the performance profile of otherwise similar investment vehicles may deviate more substantially than might otherwise be expected. This also means that the approach which has been subjectively selected may potentially differ from positions adopted at a later stage at EU level or by national supervisory authorities, which might entail a reputational risk or be considered as involuntary greenwashing.

Floating Rate Corporate Investment risk

The floating rate corporate loans and corporate debt securities in which the Fund invests are often issued in connection with highly leveraged transactions. Such transactions include leveraged buyout loans, leveraged recapitalisation loans, and other types of acquisition financing. Leveraged buyout loans are subject to greater credit risks than other investments including a greater possibility that the borrower may default or enter bankruptcy. Some of these loans may be "covenant lite" loans which do not include terms which allow the lender to control and track the performance of the borrower and declare a default if certain criteria are breached.

Foreign Currency risk

Since the Company values the portfolio holdings of each of its Funds in either US dollar, Japanese yen or euro, changes in currency exchange rates adverse to those currencies may affect the value of such holdings and each respective Fund's yield thereon.

Since the securities, including ancillary liquid assets, bank deposits, money market instruments and money market funds, held by a Fund may be denominated in currencies different from its base currency, the Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between such reference currency and other currencies. Changes in currency exchange rates may influence the value of a Fund's Shares, and also may affect the value of dividends and interests earned by the Fund and gains and losses realised by said Fund. If the currency in which a security is denominated appreciates against the base currency, the price of the security could increase. Conversely, a decline in the exchange rate of the currency would adversely affect the price of the security.

To the extent that a Fund or any Share Class seeks to use any strategies or instruments to hedge or to protect against currency exchange risk, there is no guarantee that hedging or protection will be achieved. Unless otherwise stated in any Fund's investment policy, there is no requirement that any Fund seeks to hedge or to protect against currency exchange risk in connection with any transaction.

Currency management strategies may substantially change a Fund's exposure to currency exchange rates and could result in losses to the Fund if currencies do not perform as the Investment Manager expects. In addition, currency management strategies, to the extent that they reduce the Fund's exposure to currency risks, may also reduce the Fund's ability to benefit from favourable changes in currency exchange rates. There is no assurance that the Investment Manager's use of currency management strategies will benefit the Fund or that they will be, or can be, used at appropriate times. Furthermore, there may not be perfect correlation between the amount of exposure to a particular currency and the amount of securities in the portfolio denominated in that currency. Investing in foreign currencies for purposes of gaining from projected changes in exchange rates, as opposed to hedging currency risks applicable to the Fund's holdings, further increases the Fund's exposure to foreign investment losses.

Investors should be aware of the fact that the Chinese Renminbi (RMB) is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. Currently, the RMB is traded in two markets: one in Mainland China, and one outside Mainland China (primarily in Hong Kong). The RMB traded in Mainland China is not freely convertible and is subject to exchange controls and certain requirements by the government of Mainland China. The RMB traded outside Mainland China, on the other hand, is freely tradable. Whilst the RMB is traded freely outside Mainland China, the RMB spot, forward foreign exchange contracts and related instruments reflect the structural complexities of this evolving market. Accordingly, Alternative Currency Classes denominated in RMB may be exposed to greater foreign exchange risks.

Frontier Markets risk

Investments in Emerging Market countries involve risks as set out in the section "Emerging Markets risks" above. Investments in Frontier Markets involve risks similar to investments in Emerging Markets but to a greater extent since Frontier Markets are even smaller, less developed, and less accessible than other Emerging Markets. Frontier Markets may also experience greater political and economic instability and may have less transparency, less ethical practices, and weaker corporate governance compared to other Emerging Markets and the relevant Fund/Investors may be adversely impacted. Such markets are also more likely to have investment and repatriation restrictions, exchange controls and less developed custodial and settlement systems than other Emerging Markets. The countries that comprise Frontier Markets include the lesser developed countries located in Africa, Asia, the Middle East, Eastern Europe and Latin America. As a result, the relevant Fund/Investors may be adversely impacted.

Hedged Strategies risk

For the Franklin K2 Alternative Strategies Fund, the Investment Manager will be employing a number of Investment Co-Managers to implement various non-traditional or "alternative" strategies, including strategies characterised as "Long Short Equity", "Event Driven", "Global Macro", "Market Neutral" or "Relative Value", that involve "hedging" or "arbitrage" activities and that are designed to capture value in a non-directional market. These strategies in no respect should be taken to imply, however, that the Fund's investments employed in such strategies will be without risk. Substantial losses may be recognised even on "hedge" or "arbitrage" positions, and illiquidity and default on one side of a position can effectively result in the position not being the "hedge" that was intended, resulting in potential losses for the Fund. These strategies involve exposure to some second order risk of the market, such as the implied volatility in convertible bonds or warrants, the yield spread between similar term government bonds, or the price spread between different classes of stock for the same underlying firm. Further, many "market neutral" Investment Co-Managers may employ limited directional strategies that expose the assets they manage to certain market risks.

Inflation-Indexed Securities risk

Inflation-indexed securities have a tendency to react to changes in real interest rates. Real interest rates represent nominal (stated) interest rates lowered by the anticipated effect of inflation. In general, the price of an inflation-indexed security can decrease when real interest rates increase, and can increase when real interest rates decrease. Interest payments on inflation-indexed securities will fluctuate as the principal and/or interest is adjusted for inflation and can be unpredictable, therefore, the Fund's income distributions may fluctuate more than the income distributions of a typical fixed income fund. There can be no assurance that the Consumer Price Index or any other measure used to adjust the principal amounts of the Fund's debt securities will accurately correspond to the rate of inflation experienced by a particular investor. Any increase in the principal amount of an inflation-protected debt security will be considered taxable ordinary income, even though investors, such as the Fund, do not receive their principal until maturity.

Initial Public Offerings risk

Some Funds may invest in initial public offerings ("IPOs"). IPO risk is the risk that the market values of IPO shares may experience high volatility from factors such as the absence of a prior public market, unseasoned trading, the limited number of shares available for trading and limited information about the issuer. Additionally, a Fund may hold IPO shares for a very short period of time, which may increase a Fund's expenses. Some investments in IPOs may have an immediate and significant impact on a Fund's performance.

Legal and regulatory risk

The Funds must comply with various legal requirements, including requirements imposed by the securities laws and companies laws in various jurisdictions, including the Grand Duchy of Luxembourg.

The interpretation and application of legislative acts can be often contradictory and this may impact the enforceability of the various agreements and guarantees entered into by the Funds. Legislation could be imposed retrospectively or may be issued in the form of internal regulations not generally available to the public. The interpretation and application of laws and regulations can be often contradictory and uncertain particularly in respect of matters relating to taxation.

Courts may not adhere to the requirements of the law and the relevant contract and it cannot be guaranteed that any recourse or judgment obtained in a foreign court will be enforced in certain jurisdictions where the assets relating to securities held by the Funds are located.

Liquidity risk

Liquidity risk takes two forms: asset side liquidity risk and liability side liquidity risk. Asset side liquidity risk refers to the inability of a Fund to sell a security or position at its quoted price or market value due to such factors as a sudden change in the perceived value or credit worthiness of the position, or due to adverse market conditions generally. Liability side liquidity risk refers to the inability of a Fund to meet a redemption request, due to the inability of the Fund to sell securities or positions in order to raise sufficient cash to meet the redemption request. Markets where the Fund's securities are traded could also experience such adverse conditions as to cause exchanges to suspend trading activities. Reduced liquidity due to these factors may have an adverse impact on the Net Asset Value of the Fund and, as noted, on the ability of the Fund to meet redemption requests in a timely manner.

Certain securities are illiquid due to a limited trading market, financial weakness of the issuer, legal or contractual restrictions on resale or transfer, or that are otherwise illiquid in the sense that they cannot be sold within seven days at approximately the price at which the Fund values them. Securities that are illiquid involve greater risk than securities with more liquid markets. Market quotations for such securities may be volatile and/or subject to large spreads between bid and ask prices. Illiquidity may have an adverse impact on market price and the Fund's ability to sell particular securities when necessary to meet the Fund's liquidity needs or in response to a specific economic event.

Market risk

The market values of securities owned by a Fund will go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting individual issuers, securities markets generally or particular industries or sectors within the securities markets. The value of a security may go up or down due to general market conditions which are not specifically related to a particular issuer, such as real or perceived adverse economic conditions, changes in the general outlook for revenues or corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also go up or down due to factors that affect an individual issuer, a particular industry or sector, such as changes in production costs and competitive conditions within an industry or a specific country. Unexpected events such as natural or environmental disasters (earthquakes, fires, floods, hurricanes, tsunamis) and other severe weather-related phenomena generally, or widespread disease, including pandemics and epidemics, have been and can be highly disruptive to economies of individual companies, sectors, industries, nations, markets and adversely impacting currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of the Fund's investments. Given the interdependence among global economies and markets, conditions in one country, market, or region are likely to adversely affect markets, issuers, and/or foreign exchange rates in other countries. These disruptions could prevent the Fund from executing advantageous investment decisions in a timely manner and could negatively impact the Fund's ability to achieve its investment objective.

During a general downturn in the securities markets, multiple asset classes may decline in value. When markets perform well, there can be no assurance that securities held by a Fund will participate in or otherwise benefit from the advance. All investments in financial markets may decrease in value.

Multi-Manager risk

The Investment Manager of certain Funds may seek to achieve their investment objectives through the careful selection of two or more investment co-managers ("Investment Co-Managers"). The Investment Manager may also take part in managing the assets of such Funds in addition to selecting and allocating to the Investment Co-Managers. The Investment Co-Managers may be affiliates of the Investment Manager or may be completely independent of the Investment Manager, but subject to careful due diligence on the part of the Investment Manager as part of the selection process.

The Franklin K2 Alternative Strategies Fund in particular intends to achieve its investment objective by allocating its assets across multiple non-traditional or "alternative" strategies including, but not limited to, Long Short Equity, Relative Value, Event Driven, and Global Macro. The Fund intends to use multiple Investment Co-Managers to implement this strategy.

There is the risk that the Investment Co-Managers selected will not effectively implement the intended investment strategy for which the Investment Co-Manager was selected. In addition, the Investment Co-Managers make their investment decisions independently of one another, and as a result may make decisions that conflict with each other. For example, it is possible that an Investment Co-Manager may purchase a security for the Fund at the same time that another Investment Co-Manager sells the same security, resulting in higher expenses without accomplishing any net investment result; or that several Investment Co-Managers purchase the same security at the same time, without aggregating their transactions, resulting in higher expenses. Moreover, the Fund's multi-manager approach may result in the Fund investing a significant percentage of its assets in certain types of securities, which could be beneficial or detrimental to the Fund's performance depending on the performance of those securities and the overall market environment. The Investment Co-Managers may underperform the market generally or underperform other investment managers that could have been selected for the Fund.

Distributor subscribing for Shares in its own name and on behalf of an underlying Investor risk

The legislative framework in some markets is only beginning to develop the concept of legal/formal ownership and of beneficial ownership or interest in securities. Consequently, the courts in such markets may consider that any distributor subscribing for Shares in its own name and on behalf of an underlying Investor or custodian as registered holder of securities would have full ownership thereof and that a beneficial owner may have no rights whatsoever in respect thereof.

Investors' attention is drawn to the fact that any Investor will only be able to fully exercise his Shareholder's rights directly against the Company, if the Investor is registered himself in the Company's Shareholders' register. In cases where an Investor invests in the Company through a distributor subscribing for Shares in its own name and on behalf of an underlying Investor, it may not always be possible for the Investor to exercise certain Shareholder rights directly against the Company. Investor investing through a distributor subscribing for Shares in its own name and on behalf of an underlying Investor or custodian must notably be aware that in case of discontinuity in the operation of such intermediary or custodian, whether due to insolvency, bankruptcy or other cause, there is a risk of delay in the ability to exercise rights or even loss of rights. Investors are advised to take advice on their rights.

Non-Regulated Markets risk

Some Funds may invest in securities of issuers in countries whose markets do not qualify as Regulated Markets due to their economic, legal or regulatory structure, and therefore these Funds may not invest more than 10% of their net assets in such securities.

Participatory Notes risk

Participatory Notes also known as P-Notes are financial instruments that may be used by some Funds to obtain exposure to an equity investment, including common stocks and warrants, in a local market where direct ownership is not allowed. Investment in Participatory Notes may involve an OTC transaction with a third party. Therefore Funds investing in Participatory Notes may be exposed not only to movements in the value of the underlying equity, but also to the risk of counterparty default, which may in the event of counterparty default result in the loss of the full market value of the equity.

Performance Fee risk

The Management Company may be entitled to a Performance Fee. Whilst the key objectives of the Performance Fee are to further strengthen the alignment of interest between the Management Company and the Investors and to reward outperformance, the Performance Fee may create an incentive for the Management Company and its delegates to make riskier investments and trades than they would have done in the absence of a Performance Fee.

On certain sub-funds, the Management Company may be entitled to a Performance Fee which will be based on realised and unrealised gains. Investors should be aware that there is an inherent risk that Performance Fees may be paid on unrealised gains which may never ultimately be realised.

PIPEs risk

Investments in privately sourced and structured convertible and equity-linked securities of public companies ("PIPEs") offer the opportunity for significant gains, but also involve a high degree of risk, including the complete loss of capital. Among these risks are the general risks associated with investing in companies operating at a loss or with substantial variations in operating results from period to period and investing in companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Securities of any such portfolio company will likely be thinly traded and undercapitalized and will therefore be more sensitive to adverse business or financial developments. In the event that any such portfolio company is unable to generate sufficient cash flow or raise additional equity capital to meet its projected cash needs, the value of the investment made by a Fund in such portfolio investment could be significantly reduced or even lost entirely.

Portfolio Turnover risk

The Investment Manager and/or the Investment Co-Managers may sell a security or enter into or close out of a derivative position when it believes it is appropriate to do so, regardless of how long the Fund has held the instrument. These activities increase the Fund's portfolio turnover and may increase the Fund's transaction costs.

Private Companies risk

Investments in securities issued by private companies involve a significant degree of risk and uncertainties compared to publicly traded equity. These investments are usually made in companies that have existed for a short period of time, with little business experience and therefore any forecast of future growth in value is subject to a high level of uncertainty.

Investments in securities issued by private companies are also subject to limited liquidity as they are not traded in an organized market.

Real Assets risk

Funds investing in real assets securities, or securities linked to real assets, will be subject to specific risks linked to a variety of factors, including local, regional and national economic conditions, interest rates and tax considerations. Real Assets markets performance may show little correlation to equity and bond markets. There is a risk that funds investing in real assets may perform poorly in an otherwise favourable economic environment.

Securities of real estate investment trusts ("REITs") may be affected by any changes in the value of the properties owned and other factors, and their prices tend to go up and down. A REIT's performance depends on the types and locations of the properties it owns and on how well it manages those properties. A decline in rental income may occur because of extended vacancies, increased competition from other properties, tenants' failure to pay a rent or poor management. A REIT's performance also depends on the company's ability to finance property purchases and renovations and manage its cash flows. Since REITs typically are invested in a limited number of projects or in a particular market segment, they are more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments.

Securities of infrastructure companies are securities of companies whose primary business is in infrastructure-related activities, including the design, construction, operation or maintenance of seaports, airports, railways, roadways, pipelines, energy generation facilities (coal, oil, nuclear, hydro or solar powered), electricity transmission, water treatment plants, or related activities to these businesses. Such companies may experience volatility due to challenges such as getting the necessary permits, obtaining environmental clearances, meeting regulatory standards, requirements or guidelines, or being impacted by the level of economic activity, weather, natural disasters, governmental actions, civil disturbances, or acts of terrorism. By virtue of being concentrated in this one sector, a Fund may experience greater volatility compared to funds that follow a more diversified investment policy.

Reinvestment of Collateral risk

Following reinvestment of collateral as defined in Appendix B. 3 of this Prospectus "Financial Derivative Instruments", the entirety of the risk considerations set out in this section regarding regular investments apply.

Repurchase and Reverse Repurchase Transactions risk

The entering by the Company into repurchase or reverse repurchase agreements transactions, as contemplated in Appendix B.4 of this Prospectus "Use of Techniques and Instruments relating to Transferable Securities and Money Market Instruments" involves certain risks and there can be no assurance that the objective sought to be obtained from such use will be achieved.

Investors must notably be aware that (1) in the event of the failure of the counterparty with which cash of a Fund has been placed there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (2) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the Fund to meet sale requests, security purchases or, more generally, reinvestment; and that (3) repurchase transactions will, as the case may be, further expose a Fund to risks similar to those associated with optional or forward derivative financial instruments, which risks are further described in other sections of the Prospectus.

The collateral received by the Company in respect of repurchase agreements transactions may be cash, US Government or Agency Treasury bills, Treasury notes or Treasury bond supported by the full faith and credit of the US government or EU Government or Agency (including supranational agencies) bonds. Any incremental income generated from repurchase agreement transactions will be accrued to the relevant Fund.

In a reverse repurchase transaction, a Fund could incur a loss if the value of the purchased securities has decreased in value relative to the value of the cash or margin held by the relevant Fund.

Restructuring Companies risk

Some Funds may also invest in the securities of companies involved in mergers, consolidations, liquidations and reorganisations (including those involving bankruptcy) or as to which there exist tender or exchange offers, and may participate in such transactions; they may also purchase indebtedness and participations therein, both secured and unsecured, of debtor companies engaged in reorganisation or financial restructuring. Such investments also involve greater credit risks. The companies involved in reorganisation or financial restructuring tend to have a relatively weak financial position and may also be subject to the risks that the restructuring could be disruptive to the business and management structure of the companies involved, which may expose the Funds to higher investment risk.

Reuse of Collateral and Financial Instruments risk

In accordance with market standard OTC derivative, securities lending, repurchase or reverse repurchase master agreements, when securities are transferred to the counterparty, the counterparty will obtain, either (i) a full legal title to the securities it receives, under a title transfer collateral arrangement; or (ii) a right to use the securities it receives, under a security collateral arrangement.

As required by Article 15 of the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) N° 648/2012, the Fund will be informed in writing by its counterparties of the risks and consequences that may be involved in either (i) concluding a title transfer collateral arrangement; and (ii) granting a right of use of collateral provided under a security collateral arrangement; as summarized below:

- All rights, including any proprietary rights that the Fund may have had, in those financial instruments will be replaced by an unsecured contractual claim for delivery of equivalent financial instruments subject to the terms of the relevant master agreement;
- The counterparty will not hold financial instruments in accordance with client asset rules and any asset protection rights will not apply (for example, the financial instruments will not be segregated from the counterparty's assets and will not be held subject to a trust);
- If the counterparty enters insolvency or defaults under the relevant master agreement the Fund's claim against the counterparty for delivery of equivalent financial instruments will not be secured and will be subject to the terms of the relevant master agreement and applicable law and, accordingly, the Fund may not receive such equivalent financial instruments or recover the full value of the financial instruments (although the Fund's exposure may be reduced to the extent that the counterparty has liabilities to it which can be set off or netted against or discharged by reference to the counterparty's obligation to deliver equivalent financial instruments to the Fund);
- In the event that a resolution authority exercises its powers under any relevant resolution regime in relation to a counterparty any rights the Fund may have to take any action against the counterparty, such as to terminate the relevant master agreement, may be subject to a stay by the relevant resolution authority and:
 - a. the Fund's claim for delivery of equivalent financial instruments may be reduced (in part or in full) or converted into equity; or
 - b. a transfer of assets or liabilities may result in the Fund's claim on the counterparty, or the counterparty's claim on the Fund, being transferred to different entities although the Fund may be protected to the extent that the exercise of resolution powers is restricted by the availability of set-off or netting rights;
- Subject to the terms of the relevant master agreement, (i) the Fund will not be entitled to exercise any voting, consent or similar rights attached to the financial instruments and (ii) the counterparty will have no obligation to inform the Fund of any corporate events or actions in relation to those financial instruments;
- If the counterparty is unable to readily obtain equivalent financial instruments to deliver to the Fund at the time required, the Fund may be unable to fulfil its settlement obligations under any other transaction it has entered into in relation to those financial instruments;
- The Fund will not be entitled to receive any dividends, coupon or other payments, interests or rights (including securities or property accruing or offered at any time) payable in relation to those financial instruments, although the Fund may be credited with a payment by reference to such dividend, coupon or other payment (a "manufactured payment");
- The tax treatment applicable to (i) financial instruments (and any equivalent financial instruments) that have been transferred or used as collateral and (ii) manufactured payments may differ from the tax treatment in respect of the original dividend, coupon or other payment in relation to those financial instruments.

Russian and Eastern European Markets risk

Securities of issuers in Russia, countries of Eastern Europe as well as the New Independent States such as Ukraine and the countries under the influence of the former Soviet Union in the past involve significant risks and special considerations, which are not typically associated with investing in securities of issuers in the EU Member States and the United States of America. They are additional to the normal risks inherent in any such investments and include political, economic, legal, currency, inflation and taxation risks. For example there is a risk of loss due to lack of adequate systems for transferring, pricing, accounting for and safekeeping or record keeping of securities.

In particular, the Russian market presents a variety of risks in relation to the settlement and safekeeping of securities. These risks result from the fact that physical securities do not exist; as a consequence, the ownership of securities is evidenced only on the issuer's register of shareholders. Each issuer is responsible for the appointment of its own registrar. The result is a broad geographic distribution of several hundred registrars across Russia. Russia's Federal Commission for Securities and Capital Markets (the "Commission") has defined the responsibilities for registrar activities, including what constitutes evidence of ownership and transfer procedures. However, difficulties enforcing the Commission's regulations mean that the potential for loss or error still remains and there is no guarantee that the registrars will act according to the applicable laws and regulations. Widely accepted industry practices are actually still in the process of being established.

When registration occurs, the registrar produces an extract of the register of shareholders as at that particular point in time. Ownership of Shares is vested in the records of the registrar but is not evidenced by the possession of an extract of the register of shareholders. The extract is only evidence that registration has taken place. However, the extract is not negotiable and has no intrinsic value. In addition, a registrar will typically not accept an extract as evidence of ownership of Shares and is not obliged to notify the Depositary or its local agents in Russia, if or when it amends the register of shareholders. Russian securities are not on physical deposit with the Depositary or its local agents in Russia. Similar risks apply in respect of the Ukrainian market.

Therefore, neither the Depositary nor its local agents in Russia or in Ukraine can be considered as performing a physical safekeeping or custody function in the traditional sense. The registrars are neither agents of, nor responsible to, the Depositary or its local agents in Russia or in Ukraine. The Depositary's liability only extends to its own negligence and wilful default and to that caused by negligence or wilful misconduct of its local agents in Russia or in Ukraine, and does not extend to losses due to the liquidation, bankruptcy, negligence or wilful default of any registrar. In the event of such losses the Company will have to pursue its rights directly against the issuer and/or its appointed registrar. However, securities traded on the Moscow Exchange MICEX-RTS can be treated as investment in securities dealt on a Regulated Market.

In April 2013, Russia implemented the new National Settlement Depository ("NSD") as Russia's central securities depository ("CSD") in an effort to overhaul its share registration system. The NSD is regulated by Russia's securities regulator, the Federal Service for Financial Markets ("FSFM"). The Depositary has now confirmed that all Funds' positions of eligible securities were moved to the NSD.

The recent implementation of the NSD as Russia's CSD has alleviated the major concerns which prompted the Russia Custody Letters. All Russian securities transfers and settlements are now required to take place on the CSD system which has specific rules on the finality of these transactions. As a result, all securities transactions are recorded in one central system and not merely in the books of various private registrars.

Securities Lending risk

The entering by the Company into securities lending transactions, as contemplated in Appendix B.4 of this Prospectus "Use of Techniques and Instruments relating to Transferable Securities and Money Market Instruments" involves certain risks and there can be no assurance that the objective sought to be obtained from such use will be achieved.

Investors must notably be aware that in case of default, bankruptcy or insolvency of the borrower of securities lent by a Fund, there is a risk of delay in recovery (that may restrict the ability of a Fund to meet delivery obligations under security sales or payment obligations arising from sale requests) or even loss of rights in collateral received, which risks are mitigated by a careful creditworthiness analysis of borrowers to determine their degree of risk for said borrowers to become involved in insolvency/bankruptcy proceedings within the timeframe contemplated by the loan. If the borrower of securities lent by a Fund fails to return these securities there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral or the illiquidity on the market in which the collateral is traded.

A Fund may reinvest the cash collateral received from borrowers. There is a risk that the value or return of the reinvested cash collateral may decline below the amount owed to those borrowers, and those losses may exceed the amount earned by the Fund on lending the securities.

Securitisation risk

A securitisation, as defined in the article 2 of Regulation (EU) 2017/2402 of the European Parliament and of the council of 12 December 2017 is a transaction or scheme, whereby the credit risk associated with an exposure or a pool of exposures is tranching, having all of the following characteristics: (i) payments in the transaction or scheme are dependent upon the performance of the exposure or of the pool of exposures; (ii) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme; (iii) the transaction or scheme does not create exposures which possess all of the characteristics listed in Article 147(8) of Regulation (EU) No 575/2013.

Securitisation encompasses a wide-range of assets including "Asset-backed Securities", "Collateralised Debt Obligations" and "Mortgage-backed Securities".

A Securitisation is composed of multiple tranches, usually spanning from the equity tranche (highest risk) to the senior tranche (the lowest risk). The performance of each tranche is determined by the performance of the underlying assets or "collateral pool".

The collateral pool can encompass securities with different credit qualities, including high-yield securities and junk bonds, and the credit rating of the tranche is not reflective of the quality of the underlying assets.

Mortgage-backed securities differ from conventional debt securities in that principal is paid back over the life of the security rather than at maturity, as the underlying mortgages are subject to unscheduled pre-payments of principal before the security's maturity date due to voluntary prepayments, refinancings or foreclosures on the underlying mortgage loans. To the Fund this means a loss of anticipated interest, and a portion of its principal investment represented by any premium the Fund may have paid over par at the time of purchase. Mortgage pre-payments generally increase when interest rates fall.

Mortgage-backed securities also are subject to extension risk. An unexpected rise in interest rates could reduce the rate of pre-payments on mortgage-backed securities and extend their life. This could cause the price of the mortgage-backed securities to be more sensitive to interest rate changes. Issuers of asset-backed securities may have limited ability to enforce the security interest in the underlying assets, and credit enhancements provided to support the securities, if any, may be inadequate to protect investors in the event of default.

Collateralised Mortgage Obligations (CMOs) are securities backed by a pool of mortgage pass-through securities or actual mortgage loans that are structured into various tranches with varying maturities and varying priorities in terms of their access to the principal and interest payments from the underlying assets. Such securities will have, depending on the tranches, varying degrees of pre-payment risk and credit risk, depending on their priority in the capital structure. The shorter, more senior tranches will generally be lower risk than the longer dated, more junior tranches.

Mortgage-backed securities may be offered as interest only (IO) or principal only (PO) strips, where only the interest or the principal of the underlying mortgages in the pool is passed on to the security holders. These types of securities are highly sensitive to the pre-payment

experience associated with the underlying mortgages and will behave in opposite ways to the same trend in pre-payments. For IO securities, early pre-payments within the pool will mean less than expected interest payments since the mortgages will have terminated, adversely affecting security holders. For PO securities, early pre-payments within the pool will mean quicker repayment of principal than expected, benefiting security holders. Because of the highly sensitive nature of these securities, the possibility of sharp declines in prices is much greater compared to conventional mortgage-backed securities.

Mortgage- and asset-backed securities may be structured as synthetic securities. For example, the CMBX is a credit default swap on a basket of CMBS bonds, constituting in effect a CMBS index. By purchasing such an instrument, the Fund is buying protection (i.e. the ability to get par for the bonds in the event of an unfavourable credit event), allowing the Fund to hedge its exposure or go short the CMBS sector. By selling such an instrument short and holding cash against the potential obligation to purchase it, the Fund is selling protection and effectively getting long exposure to the CMBS sector more quickly and efficiently than purchasing individual bonds. The risks associated with such synthetic instruments are comparable to those of the underlying ABS or MBS securities that the instruments are seeking to replicate, in addition to the risk that the synthetic instruments themselves do not perform as intended due to adverse market conditions.

Asset-backed securities are very similar to mortgage-backed securities, except that the securities are collateralised by other types of assets besides mortgages, such as credit card receivables, home-equity loans, manufactured homes, automobile loans, student loans, equipment leases, or senior bank loans, among others. Like mortgage-backed securities, asset-backed securities are subject to pre-payment and extension risks.

Collateralised Loan/Debt Obligations (CLOs/CDOs) are similar to ABS/MBS type of securities. The main difference being the nature of the collateral pool, which is not constituted of debt securities or mortgages but rather leveraged loans issued by corporates.

In addition to the normal risks associated with debt securities and asset backed securities (e.g., interest rate risk, credit risk and default risk), CDOs and CLOs carry additional risks including, but not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or quality or go into default or be downgraded; (iii) a Fund may invest in tranches of a CDO or CLO that are subordinate to other classes; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer, difficulty in valuing the security or unexpected investment results.

Smaller and Midsize Companies risk

While smaller and midsize companies may offer substantial opportunities for capital growth, they also involve substantial risks and should be considered speculative. Historically, smaller and midsize company securities have been more volatile in price than larger company securities, especially over the short term. Among the reasons for the greater price volatility are the less certain growth prospects of smaller and midsize companies, the lower degree of liquidity in the markets for such securities, and the greater sensitivity of smaller and midsize companies to changing economic conditions.

In addition, smaller and midsize companies may lack depth of management, be unable to generate funds necessary for growth or development, have limited product lines or be developing or marketing new products or services for which markets are not yet established and may never become established. Smaller and midsize companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying any loans which are floating-rate.

These risks are typically increased for securities issued by smaller companies registered or performing a significant part of their activities in developing countries and Emerging Markets, especially as the liquidity of securities issued by companies in Emerging Markets may be substantially smaller than with comparable securities in industrialised countries.

SPACs risk

A Fund may invest directly or indirectly in special purpose acquisition companies (SPACs) or similar special purposes entities which are subject to a variety of risks beyond those associated with other equity securities. A SPAC is a publicly traded company that raises investment capital for the purpose of acquiring or merging with an existing company. SPACs do not have any operating history or ongoing business other than seeking acquisitions, and the value of their securities is particularly dependent on the ability of the SPAC's management to identify a merger target and complete an acquisition. Some SPACs may pursue acquisitions only within certain industries or regions, which may increase the volatility of their prices. In addition, these securities, which may be traded in the over-the-counter market, may be considered illiquid and/or may be subject to restrictions on resale.

Structured Notes risk

Structured notes such as credit-linked notes, equity-linked notes and similar notes involve a counterparty structuring a note whose value is intended to move in line with the underlying security specified in the note. Unlike financial derivative instruments, cash is transferred from the buyer to the seller of the note. Investment in these instruments may cause a loss if the value of the underlying security decreases. There is also a risk that the note issuer will default. Additional risks result from the fact that the documentation of such notes programmes tends to be highly customised. The liquidity of a structured note can be less than that for the underlying security, a regular bond or debt instrument and this may adversely affect either the ability to sell the position or the price at which such a sale is transacted.

Substantial Leverage risk

While cash borrowing for investment purposes (traditional leverage) is not permitted for UCITS funds, leverage exposure may be obtained through the use of financial derivative instruments, as more fully described under "Derivative Instruments risk". Certain Funds, by the nature of their investment strategy, may employ an unusually high level of leverage achieved through financial derivative instruments regardless of their use, i.e. for investment purposes or for purposes of hedging. As an example, financial derivative instruments used to reduce risk do also contribute to an increase in the level of leverage for a given Fund when expressed in notional terms. Certain financial derivative instruments have the potential for an unusually high degree of leverage regardless of the size of the initial investment. The use of a substantial degree of leverage may cause a Fund to liquidate portfolio positions to satisfy its obligations or to meet asset segregation requirements when it may not be advantageous to do so. As a result, a relatively small price movement in a derivative contract, particularly when such contracts are used to a significant degree in a Fund, may result in substantial losses to a Fund.

Sukuk Investment risk

Price changes in Sukuk are influenced predominantly by interest rate developments in the capital markets, which in turn are influenced by macro-economic factors. Sukuk could suffer when capital market interest rates rise, while they could increase in value when capital market interest rate fall. The price changes also depend on the term or residual time to maturity of the Sukuk. In general, Sukuk with shorter terms have less price risks than Sukuk with longer terms. However, they generally have lower returns and, because of the more frequent due dates of the securities portfolios, involve higher re-investment costs.

Sovereign Sukuk ("**Sovereign Sukuk**") are Sukuk issued or guaranteed by governments or government-related entities. Investment in Sovereign Sukuk issued or guaranteed by governments or their agencies and instrumentalities ("**governmental entities**") involves a high degree of risk. The governmental entity that controls the repayment of Sovereign Sukuk may not be able or willing to repay the principal and/or return when due in accordance with the terms of such debt due to specific factors, including, but not limited to (i) their foreign reserves, (ii) the available amount of their foreign exchange as at the date of repayment, (iii) their failure to implement political reforms, and (iv) their policy relating to the International Monetary Fund.

Sovereign Sukuk holders may also be affected by additional constraints relating to sovereign issuers which may include: (i) the unilateral rescheduling of such debt by the issuer and (ii) the limited legal recourses available against the issuer (in case of failure of delay in repayment).

Funds investing in Sovereign Sukuk issued by governments or government related entities from countries referred as Emerging or Frontier Markets bear additional risks linked to the specifics of such countries (e.g. currency fluctuations, political and economics uncertainties, repatriation restrictions, etc).

Sustainability risk

The Investment Manager considers that sustainability risks are relevant to the returns of the Fund. The integration of sustainability risks in the investment decision process may have the effect of excluding profitable investments from the investment universe of the Fund and may also cause the Fund to sell investments that will continue to perform well.

Appreciation of sustainability risk is to a degree subjective and there is no guarantee that all investments made by the Fund will reflect beliefs or values of any particular investor on sustainable investments.

A sustainability risk could materialise as the occurrence of an environmental, social or governance event or condition causing material negative impact on the value of one or several investments and thus negatively affecting the returns of the Fund.

Sustainability risks can manifest themselves in different ways, such as but not limited to:

- failure to comply with environmental, social or governance standards resulting in reputational damage, causing fall in demand for products and services, or loss of business opportunities for a company or industry group,
- changes in laws, regulations or industry norms giving rise to possible fines, sanctions or change in consumer behavior affecting a company or an entire industry's prospects for growth and development,
- changes in laws or regulations, may generate higher demand for, and thus undue increase in prices of securities of companies perceived as meeting higher ESG standards. Prices of such securities may become more volatile if perception from market participants about companies adherence to ESG standards changes, and
- changes in laws or regulations, may incentivize companies to provide misleading information about their environmental, social or governance standards or activities.

Commonly considered sustainability risk factors are split into "Environment, Social, and Governance" (ESG), such as but not limited to the following topics:

Environment

- Climate mitigation
- Adjustment to climate change
- Protection of biodiversity
- Sustainable use and protection of water and maritime resources
- Transition to a circular economy, avoidance of waste, and recycling
- The avoidance and reduction of environmental pollution
- Protection of healthy ecosystems
- Sustainable land use

Social affairs

- Compliance with recognized labor law standards (no child and forced labor, no discrimination)
- Compliance with employment safety and health protection
- Appropriate remuneration, fair working conditions, diversity, and training and development opportunities
- Trade union rights and freedom of assembly
- Guarantee of adequate product safety, including health protection
- Application of the same requirements to entities in the supply chain
- Inclusive projects or consideration of the interests of communities and social minorities

Corporate Governance

- Tax honesty
- Anti-corruption measures
- Sustainability management by the board
- Board remuneration based on sustainability criteria
- The facilitation of whistle-blowing
- Employee rights guarantees
- Data protection guarantees

Sustainability risks can lead to a significant deterioration in the financial profile, profitability or reputation of an underlying investment and thus may materially impact its market price or liquidity.

Swap Agreements risk

The Company may enter into interest rate, index and currency exchange rate swap agreements for the purposes of attempting to obtain a particular desired return at a lower cost to the Company than if the Company had invested directly in an instrument that yielded that desired return. Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a few days to more than one year. In a standard "swap" transaction, two parties agree to exchange the returns (or differential in rates of return) earned or realised on particular predetermined investments or instruments. The gross returns to be exchanged or "swapped" between the parties are calculated with respect to a "notional amount", i.e. the return on or increase in value of a particular US dollar amount invested at a particular interest rate, in a particular foreign currency, or in a "basket" of securities representing a particular index. The "notional amount" of the swap agreement is only a fictive basis on which to calculate the obligations which the parties to a swap agreement have agreed to exchange. The Company's obligations (or rights) under a swap agreement will generally be equal only to the net amount to be paid or received under the agreement based on the relative values of the positions held by each party to the agreement (the "net amount").

Whether the Company's use of swap agreements will be successful in furthering its investment objective will depend on the ability of the Investment Managers and/or Investment Co-Managers to correctly predict whether certain types of investments are likely to produce greater returns than other investments. Because they are two-party contracts and because they may have terms of greater than seven (7) calendar days, swap agreements may be considered to be illiquid. Moreover, the Company bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. The Investment Managers and/or Investment Co-Managers will cause the Company to enter into swap agreements in accordance with the guidelines in Appendix B. The main factor that determines the performance of a swap contract is the movement in the price of the underlying investment, specific interest rates, currencies and other factors used to calculate the payment due by and to the counterparty. If a swap contract requires payment by a Fund, the latter must at all times be able to honour said payment. Moreover, if the counterparty loses its creditworthiness, the value of the swap contract entered into with this counterparty can be expected to fall, entailing potential losses for the Fund.

Thematic Investing risk

The performance of a Fund whose investment strategy incorporates the identification of thematic investment opportunities may be negatively impacted if the Investment Manager does not correctly identify such opportunities or if the theme develops in an unexpected manner.

Companies within a Fund's investment theme may face intense competition and potentially rapid product obsolescence. There can be no assurance these companies will be able to successfully protect their intellectual property to prevent the misappropriation of their technology, or that competitors will not develop technology that is substantially similar or superior to such companies' technology. These companies may engage in significant amounts of spending on research and development, and there is no guarantee that the products or services produced by these companies will be successful.

In addition, some companies within a Fund's investment theme could face increasing regulatory scrutiny in the future, which may limit the development of their technologies or businesses and impede their growth.

As a result, the stock price of companies within a Fund's investment theme may vary widely and abruptly decline in value due to one or more of the risk factors described above.

Underlying Investment Funds risk

A Fund's performance is directly impacted by the performance of any Investment Funds held by it. The ability of a Fund to achieve its investment goal is directly related to, in part, the ability of the Underlying Investment Funds to meet their investment goal.

Investing in other Investment Funds may be more costly to a Fund than if the Fund had invested in the underlying securities directly. Shareholders of the Fund will indirectly bear the fees and expenses (including management and advisory fees and other expenses) of the underlying Investment Funds. The determination of Net Asset Value of the Shares of any particular Underlying Investment Fund held by a Fund may be suspended under certain conditions as indicated in Appendix D ("Suspension of Calculation of Net Asset Value"). In the event this were to happen, it could impede the ability of a Fund to meet a redemption request.

An Underlying Exchange Traded Fund ("ETF") may trade at a premium or discount to its net asset value, as shares of an ETF are bought and sold on exchanges their values may fluctuate due to factors not related to their net asset value.

Warrants risk

Investments in and holding of warrants may result in increased volatility of the Net Asset Value of certain Funds, which may make use of warrants, and accordingly are accompanied by a higher degree of risk.

Investors should understand that all investments involve risk and there can be no guarantee against loss resulting from an investment in any Fund(s), nor can there be any assurance that the Fund(s) investment objective(s) will be attained. Neither the Company, the

Management Company, the Investment Managers, nor any of their worldwide affiliated entities, guarantee the performance or any future return of the Company or any of its Funds.

MANAGEMENT COMPANY

The Board of Directors has appointed Franklin Templeton International Services S.à r.l. as Management Company by a management company services agreement dated 15 January 2014 to be responsible on a day-to-day basis under the supervision of the Board of Directors, for providing administration, marketing, investment management and advice services in respect of all Funds. The Management Company may delegate part or all of the investment management services to the Investment Managers.

The Board of Managers of the Management Company has appointed Eric Bedell, A. Craig Blair, John Hosie, Daniel Klingelmeier, Rafal Kwasny, Maxime Lina, Luis Perez, Marc Stoffels and Grégory Surply as conducting persons, responsible for the day-to-day management of the Management Company in accordance with article 102 of the Luxembourg Law of 17 December 2010.

The Management Company was incorporated on 17 May 1991 under the laws of the Grand Duchy of Luxembourg and its articles of incorporation are deposited with the Luxembourg Registre de Commerce et des Sociétés. The Management Company is approved as a management company regulated by chapter 15 of the Law of 17 December 2010. The Management Company is part of Franklin Templeton. The share capital of the Management Company is EUR 4,605,383.00 and the Management Company will comply at all times with article 102 of the Law of 17 December 2010.

The Management Company may also be appointed to act as management company for other investments funds the list of which will be available, upon request, at the registered office of the Company and the Management Company.

The Management Company will ensure compliance of the Company with the investment restrictions and oversee the implementation of the Company's strategies and investment policy.

The Management Company will receive periodic reports from the Investment Managers detailing the Funds' performance and analysing their investment. The Management Company will receive similar reports from the other services providers in relation to the services which they provide.

The Management Company being responsible for registrar and transfer, corporate, domiciliary and administrative agent functions is authorised to delegate and has delegated in the course of the business, the main administrative functions to third parties as described under sections "Administrative Agent" and "Registrar and Transfer Agent" below, subject however to its overall supervision and oversight. The Management Company shall report to the Board of Directors on a quarterly basis and inform the Board of Directors of any non-compliance of the Company with the investment restrictions.

INVESTMENT MANAGERS

The Investment Managers mentioned in the section "Administrative Information" have been appointed by the Management Company to act as investment managers of the Funds as may other affiliated investment advisory companies within Franklin Templeton and to provide day-to-day management in respect of the investment and re-investment of the net assets of the Funds.

The Investment Managers may or may not be part of Franklin Templeton.

The Investment Managers shall render to the Management Company written reports of the composition of the assets of the Funds under their management as often as the Management Company shall reasonably require.

The Investment Managers and their affiliates serve as advisers for a wide variety of public investment mutual funds and private clients in many nations. Franklin Templeton has been investing globally for over 60 years and provides investment management and advisory services to a worldwide client base, including over 24 million shareholder accounts. The Franklin Templeton Managers are indirect wholly owned subsidiaries of FRI. Through its subsidiaries, FRI is engaged in various aspects of the financial services industry. Details of the value of assets currently managed by Franklin Templeton can be accessed on <http://www.franklintempleton.lu>.

DEPOSITARY

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

J.P. Morgan SE is a European Company (Societas Europaea) organized under the laws of Germany, with registered office at Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Germany and registered with the commercial register of the local court of Frankfurt. It is a credit institution subject to direct prudential supervision by the European Central Bank (ECB), the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank, the German Central Bank. J.P. Morgan SE, Luxembourg Branch is authorized by the CSSF to act as depositary and fund administrator. J.P. Morgan SE, Luxembourg Branch is registered in the Luxembourg Trade and Companies' Register (RCS) under number B255938 and is subject to the supervision of the aforementioned home State supervisory authorities as well as local supervision by the CSSF.

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.

The Depositary is liable to the Company or its Investors for the loss of a financial instrument held in custody by the Depositary or any of its delegates. The Depositary shall, however, not be liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary is also liable to the Company or its Investors for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its duties in accordance with applicable laws.

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 contracts with service providers are entered into 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 is available online at the website: <http://www.franklintempleton.lu>, by selecting "Literature", "Subcustodians" tabs. The latest version of such list may also be obtained by the Investors from the Company 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 by the Investors on request at the registered office of the Company.

REGISTRAR AND TRANSFER AGENT

Virtus Partners Fund Services Luxembourg S.à.r.l. has been appointed by the Management Company as the Registrar and Transfer Agent of the Company to perform the services in relation to the Company under a registrar and transfer agency agreement. These services include, inter alia, (i) maintenance of the register of Shareholders of the Company, (ii) onboarding and know your customer/anti-money laundering services, (iii) investor and distributor services, (iv) transaction processing including processing of the purchase, selling and switching of Shares, (v) cash management, shareholder payments and reconciliation, (vi) commission calculation and payments, (vii) client change management, (viii) CRS & FATCA services, (ix) regulatory reporting, (x) support the Company with handling complaints and (xi) technology support.

Virtus Partners Fund Services Luxembourg S.à r.l. was incorporated in Luxembourg as a société à responsabilité limitée and has its registered office at 8A, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg.

Whenever appropriate, any references in this Prospectus relating to the duties of the Management Company in relation to the Register of Shareholders and the dealings of Shares in the Company should also read as references to any third party to which the Management Company has delegated its registrar and transfer functions.

ADMINISTRATIVE AGENT

J.P. Morgan SE, Luxembourg Branch has also been appointed as the Administrative Agent of the Company to perform some administrative services in relation to the Company under an administration agreement ("Administration Agreement"). These services include preparing and maintaining books, records, tax, financial reports and calculating the Net Asset Value of the Funds.

The Administration Agreement may be terminated by any party on 180 days' notice in writing.

Under the Administration Agreement, the Administrative Agent will not be liable for any loss or damage suffered by the Company with respect to any matter as to which the Administrative Agent has satisfied its obligation of reasonable care unless the same results from an act of negligence, fraud, wilful default or material breach of the Administration Agreement on the part of the Administrative Agent. The Company has agreed to indemnify the Administrative Agent (and its affiliates and their respective directors, officers, employees and agents) against, and hold them harmless from, any liabilities, losses, claims, costs, damages, penalties, fines, obligations, or expenses of any kind whatsoever (including, without limitation, reasonable attorneys', accountants', consultants' or experts' fees and disbursements) that may be imposed on, incurred by or asserted against the Administrative Agent (or its affiliates and their respective directors, officers, employees and agents) in connection with or arising out of the Administrative Agent's performance under the Administration Agreement, provided the Administrative Agent (and its affiliates and their respective directors, officers, employees and agents) have not acted with negligence or engaged in fraud, material breach of the Administration Agreement or wilful default in connection with the liabilities in question.

PUBLICATION OF SHARE PRICES

The Net Asset Value per Share of each Fund and Share Class is made public on the Internet sites <http://www.franklintempleton.lu> and <https://www.fundinfo.com>, at the registered office of the Company and is available at the offices of the Management Company. The Company will arrange for the publication of the Net Asset Value per Share of relevant Funds as required under applicable laws and in such newspapers as the Board of Directors may decide from time to time. The Company and the Management Company cannot accept any responsibility for any error or delay in publication or for the non-publication of prices.

INVESTOR GENERAL INFORMATION

Prior Considerations

The Company aims to provide investors with a choice of Funds investing in a wide range of transferable securities and other eligible assets on a worldwide basis and featuring a diverse array of investment objectives, including capital growth and income. Investors should give careful consideration to their own personal investment objectives and any local regulatory or tax implications applicable to their circumstances. Investors are recommended to obtain advice from local financial and tax advisors. Further information regarding tax is provided in the sections "Taxation of the Company" and "Taxation of Investors".

Investors should note that the price of Shares in the Company and the income from them may go down as well as up and an Investor may not get back the amount invested. Attention of Investors is more specifically drawn to the fact that investment by the Company may trigger specific risks, as more fully described under section "Risk Considerations".

The distribution of this Prospectus and the offering of the Shares may be restricted in certain jurisdictions and some of the Funds may not be available for public distribution in your jurisdictions. It is the responsibility of any persons wishing to make an application for Shares pursuant to this Prospectus to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions.

In addition, the Company and/or the Management Company reserves the right to request additional information and/or documentary evidence from Investors if their bank account is located in a country other than their country of residence, which may result in a delay in the processing of purchase and/or any other transaction until relevant and satisfactory information and/or documentation is received.

Investors should refer to the relevant KIID of the Company where applicable for ongoing charges and historical performance charts of the Share Classes of the relevant Funds.

Specific information on Money Market Funds

Shareholders' attention is drawn to the fact that:

- Money Market Funds are not a guaranteed investment;
- an investment in a Money Market Fund is different from an investment in deposits as the principal invested in a Money Market Fund is capable of fluctuation;
- the Company does not rely on external support for guaranteeing the liquidity of the Funds which qualify as Money Market Funds or stabilising the Net Asset Value per Shares of those Funds; and
- the risk of loss of the principal is borne by the Shareholders.

In addition to the information made available to Shareholders in accordance with the main part of the Prospectus, the following information will be made available at the registered office of the Company and on the website of the Management Company (www.franklintempleton.lu) on a weekly basis:

- the maturity breakdown of the portfolio of the relevant Fund;
- the credit profile of the relevant Fund;

- the Weighted Average Maturity and the Weighted Average Life of the relevant Fund;
- details of the 10 largest holdings in the Fund, including the name, country, maturity and asset type, the counterparty in the case of repurchase and reverse repurchase agreements;
- the total value of the relevant Fund; and
- the net yield of the relevant Fund.

Issue of Shares

Shares are made available through the Principal Distributor. The Principal Distributor will, from time to time, enter into contractual agreements with several other sub-distributors, intermediaries, Brokers/Dealers and/or professional investors for the distribution of those Shares.

If circumstances so require, the Board of Directors reserves the right at any time, without notice, to discontinue the issue or sale of Shares pursuant to this Prospectus.

The Company shall have power to impose such restrictions (other than any restrictions on transfer of shares) as it may think necessary for the purpose of ensuring that no shares in the Company are acquired or held by (a) any person in breach of the law or requirement of any country or governmental or regulatory authority (if the Board of Directors shall have determined that any of them, the Company, any of the Management Company (as defined herein), investment managers or advisers or any other person as determined by the Board of Directors would suffer any disadvantage as a result of such breach) or (b) any person in circumstances which in the opinion of the Board of Directors might result in the Company incurring any liability to taxation (to include regulatory or any tax liabilities that might derive, inter alia, from the requirements of the FATCA or the Common Reporting Standard or any similar provisions or any breach thereof) or suffering any pecuniary disadvantage which the Company might not otherwise have incurred or suffered, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority or (c) any person whose shareholding's concentration could, in the opinion of the Board of Directors, jeopardise the liquidity of the Company or any of its Funds.

More specifically, the Company may restrict or prevent the ownership of shares in the Company by any person, firm or corporate body, and without limitation, by any "US person", as defined hereafter.

For such purposes, the Company may:

- 1) decline to issue any Share and decline to register any transfer of a Share, where it appears to it that such registration or transfer would or might result in beneficial ownership of such Share by a person precluded from holding Shares of the Company;
- 2) at any time require any person whose name is entered in, or any person seeking to register the transfer of Shares on, the register of shareholders to furnish it with any representations and warranties or any information, supported by affidavit, which it may consider necessary for the purpose of determining whether or not, to what extent and under which circumstances, beneficial ownership of such Shareholder's Shares rests or will rest in a person who is precluded from holding Shares of the Company; and
- 3) where it appears to the Company that any person, who is precluded from holding Shares or a certain proportion of the Shares of the Company, or whom the Company reasonably believes to be precluded from holding Shares in the Company, either alone or in conjunction with any other person, is a beneficial owner of Shares or is in breach of its representations and warranties or fails to make such representations and warranties in a timely manner as the Company may require, may compulsorily redeem from any such Shareholder all or part of the Shares held by such Shareholder in the manner more fully described in the Articles; and
- 4) decline to accept the vote of any person who is precluded from holding Shares in the Company at any meeting of shareholders of the Company.

Listing of Shares

Certain eligible Share Classes are or will be listed on the relevant stock exchange in Luxembourg. The Board of Directors may decide to make an application to list the Shares of any Class on any other stock exchange.

Form and Currency of Shares

All Shares are issued in registered form. Fractional registered shares will be rounded to three (3) decimal places. Any deal order with a stated Share amount with more than three (3) decimal places will be rounded to three (3) decimal places, using conventional rounding to the nearest thousandths place.

According to the law of 28 July 2014 concerning the compulsory deposit and immobilisation of shares and units in bearer form, all Physical Bearer Shares not deposited by 18 February 2016 have been cancelled and the monies resulting from the cancellation of such bearer shares have been deposited on 25 February 2016 with the *Caisse de Consignation*, until such time as a holder of certificate(s) representing the Physical Bearer Shares requests their reimbursement. Deposits are subject to a deposit tax and may be further subject to specific custody fees, which are accounted for when arising.

The Company and/or the Management Company may offer within a Fund several Alternative Currency Share Classes as described in Section "Share Classes".

Dealing Cut-Off Times

Dealing Cut-Off Times are detailed in Appendix A. The Company and/or Management Company may permit, if it deems it appropriate, different Dealing Cut-Off Times to be agreed with local distributors or for distribution in jurisdictions where the different time zone so justifies. In such circumstances, the applicable Dealing Cut-Off Time applied must always precede the time when the applicable Net Asset Value is calculated and published. Such different Dealing Cut-Off Times shall be disclosed in the local supplement to this Prospectus, the agreements in place with the local distributors, or other marketing material used in the jurisdictions concerned.

Calculation of Share Prices/Net Asset Value

The prices at which Shares of the relevant Classes can be purchased, sold or switched in each Share Class are calculated on each Valuation Day by reference to the Net Asset Value per Share of the Class concerned and are available on the following Business Day.

Some jurisdictions do not permit Investor transactions to be accepted during local holidays. Details of these arrangements are contained in the locally approved version of this Prospectus.

Details of the calculation of the Net Asset Value are provided in Appendix D. Instructions received in writing by the Management Company in Luxembourg or by a duly authorised distributor, prior to the applicable Dealing Cut-Off Time on any Dealing Day, will be dealt with at the relevant Net Asset Value per Share determined for that Valuation Day.

All deal instructions shall be dealt with on an unknown Net Asset Value basis before the determination of the Net Asset Value per Share for that Valuation Day.

Suspension of dealing and Share Prices/Net Asset Value

The calculation of the Net Asset Value (and consequently purchases, sales and switches) of any Share of any Fund may be suspended by the Company pursuant to the power reserved to it by its Articles and as described in Appendix D. Instructions made or pending during such suspension may be withdrawn by notice in writing received by the Management Company prior to the end of such suspension. Unless withdrawn, instructions will be considered as if received on the first Valuation Day following the end of the suspension.

Fund Liquidations

If the net assets of any Fund are at any time below USD 50 million, or the equivalent thereof in the currency of the relevant Fund, or if a change in the economic or political situation relating to the Fund concerned would justify such liquidation or if it is required by the interests of the Shareholders of the Fund concerned, the Board of Directors may decide to liquidate such Fund and redeem all outstanding Shares. Notice of such liquidation will be sent to the registered Investors. The price at which Shares will be redeemed will be the Net Asset Value per Share of such Fund determined upon realisation of all assets attributable to such Fund. Further details are provided in Appendix C.

Restrictions on Subscriptions and Switches into Certain Funds or Share Class

A Fund, or Share Class, may be closed to new investors or to all new subscriptions or switches in (but not to redemptions, switches out or transfers) if, in the opinion of the Company and/or the Management Company, closing is necessary to protect the interests of existing Shareholders. Without limiting the circumstances where closing may be appropriate, one such circumstance would be where the Fund has reached a size such that the capacity of the market and/or the capacity of the Investment Manager has been reached, and where to permit further inflows would be detrimental to the performance of the Fund. Any Fund, or Share Class, may be closed to new investors or all new subscriptions or switches in without notice to Shareholders.

Notwithstanding the above, the Company and/or the Management Company may allow, at its discretion, the continuation of subscriptions from regular savings schemes on the basis that these types of flows present no challenge with respect to capacity. Once closed, a Fund or a Share Class will not be re-opened until, in the opinion of the Company and/or the Management Company, the circumstances which required closure no longer prevail. Shareholders and potential investors should confirm with the Company, the Management Company or the Distributor(s) or check the website for the current status of Funds or Share Classes.

Minimum Investment

The minimum initial investment in the Shares of each Fund is USD 1,000, USD 5,000,000 for Class I Shares (except for the Class I Shares of the Franklin U.S. Government Fund which has a minimum initial investment of USD 1,000,000) and USD 150,000,000 for Class J Shares, or the equivalent in any other freely exchangeable currency, except for investment made by distributors subscribing for Shares in their own names and on behalf of underlying Investors. Investors should note that the minimum initial investment in Class A, N and W Shares of the Franklin Emerging Markets Debt Opportunities Hard Currency Fund, Franklin Emerging Market Corporate Debt Fund and Franklin Emerging Market Sovereign Debt Hard Currency Fund is USD 100,000, or the equivalent in any other freely exchangeable currency (or USD 25,000 in the case of switches). Existing holders of Shares in any Fund may add to their Holdings in that Fund provided the minimum increase for any purchase is USD 1,000 or the equivalent in any other freely exchangeable currency (except for the Class A, N and W Shares of the Franklin Emerging Markets Debt Opportunities Hard Currency Fund, Franklin Emerging Market Corporate Debt Fund and Franklin Emerging Market Sovereign Debt Hard Currency Fund which have a minimum subsequent investment of USD 25,000 or the equivalent in any other freely exchangeable currency). Such minimum investment amounts may be waived in whole or in part by the Board of Directors or by the Management Company.

Any specific minimum investment amounts applied in other jurisdictions will be disclosed in the local version of this Prospectus, the agreements in place with the local distributors or other marketing material used in the jurisdictions concerned.

The minimum Holding requirement in the Shares of each Fund is USD 1,000 or currency equivalent.

The Company and the Management Company reserve the right to reject any application which does not meet the minimum investment requirements. The Company and/or the Management Company may, at any time, decide to compulsorily redeem all Shares from any Shareholder whose holding is less than the minimum holding amount specified above or on application, or who fails to satisfy any other applicable eligibility requirements set out in the Prospectus, and to close the relevant Investor's Portfolio.

Distributor subscribing for Shares in its own name and on behalf of an underlying Investor

Local offering documentation may provide the facility for the Investors to avail of distributors subscribing for Shares in their own names and on behalf of underlying Investors, brokers/dealers and/or local paying agents. The name of the distributor subscribing for Shares in its own name and on behalf of an underlying Investor will appear on the register of Shareholders of the Company and the distributor subscribing for Shares in its own name and on behalf of an underlying Investor may effect purchases, switches and sales of Shares on behalf of the relevant underlying Investors.

The distributor subscribing for Shares in its own name and on behalf of underlying Investors maintains its own records and provides the relevant Investors with individualised information as to their Holdings. Unless otherwise provided by local law, any Investor investing through a distributor subscribing for Shares in its own name and on behalf of an underlying Investor has the right to claim direct title to the Shares purchased by the distributor subscribing for Shares in its own name and on behalf of the relevant claiming Investor.

For the avoidance of doubt, Investors subscribing through such other parties (or through sub-distributors, intermediaries, brokers/dealers and/or professional investors appointed by such other parties) will not be charged additional fees and expenses by the Company.

Third Party Payments

Investors are informed that it is the Company's policy not to make payment to or accept payment from a party other than the registered Shareholder.

Investors should note that if their redemption instruction is accompanied by a request to pay the sale proceeds into a bank account, located in a country other than the Investor's country of residence, the Company and/or the Management Company reserves the right to delay the execution of the transaction or the release of the payment proceeds, until additional information or documentary evidence is received that provides additional investor protection to the satisfaction of the Company and/or the Management Company.

Telephone Recording

The Management Company may use telephone recording procedures to record any conversation. Investors are deemed to consent to the tape-recording of conversations with the Management Company and to the use of such tape recordings by the Management Company and/or the Company and/or the Administrative Agent, as applicable, in legal proceedings or otherwise at their discretion. In addition, some local Franklin Templeton offices may need to record telephone calls and electronic communications for training, monitoring purposes and/or to confirm Investors' instructions. Recordings will be provided upon request (in which case a fee may be charged) for a period of five years from the date of such recording or seven years when specifically required by regulatory authorities.

Investor Portfolio

Investors will be given at least one personal Investor Portfolio Number. Such personal Investor Portfolio Number should be used in all correspondence with the Company or the Management Company. In the event that more than one personal Investor Portfolio Number is attributed to the same Investor, all such personal Investor Portfolio Numbers should be indicated for any request concerning all the Portfolios held by the Investor.

Shareholder Notifications

Any relevant notifications or other communications to Shareholders concerning their investment in the Fund (including Contract Notes) may be communicated to a Shareholder via electronic means of communication in accordance with applicable Luxembourg rules, where the Shareholder has consented and provided an e-mail address and/or relevant electronic contact details to the Management Company for such purposes. Relevant notifications or other communications to Shareholders concerning their investment in the Company may also be posted on the website www.franklintempleton.lu. In addition, and where required by Luxembourg law or the Luxembourg regulator, Shareholders will also be notified in writing or in such other manner as prescribed under Luxembourg law. In particular, Shareholders should refer to the "Meetings and Reports" section.

In electronic communications and dealings, Franklin Templeton will make reasonable efforts to preserve and protect confidentiality of data communicated. Recipients of electronic communications should be aware that the integrity and confidentiality of electronic online communication transiting through the Internet may not be guaranteed due to a multiplicity of factors including, but not limited to, vulnerability of hardware, software, operating system or electronic platform employed by such recipients in their dealings with Franklin Templeton.

Contract Notes

Following the execution of a transaction, a Contract Note will be dispatched to the Investor normally within one (1) Business Day. Investors should promptly check this Contract Note to ensure that each transaction has been accurately recorded in the relevant Investor Portfolio. In the event of identifying a discrepancy Investors should immediately report such discrepancy in writing to the Management Company or their local Franklin Templeton servicing office. If not so reported within fifteen (15) Business Days from the Contract Note date, the transaction will be deemed correct and the Investor will be bound by the terms of the Contract Note.

Personal Theft

Any correspondence issued by the Company or the Management Company is private and confidential. To safeguard Investors' Holdings, Investors should keep their personalised security features secret, protect their authentication device against access by other persons and in the case of loss or theft of any correspondence with the Company or the Management Company (or of identity documents/passport/personal security features), Investors should immediately inform their local Franklin Templeton servicing office.

Data Protection

All personal data of Investors (the "Personal Data") contained in the application form and all and any further personal data collected in the course of the business relationship with the Company and/or the Management Company may be, subject to applicable local laws and regulations, collected, recorded, stored, adapted, transferred or otherwise processed and used ("processed") by the Company, the Management Company and other companies of Franklin Templeton, including Franklin Resources, Inc. and/or its subsidiaries and associates, the Depositary, the Administrative Agent and any other third parties (including but not limited to printing and mailing services) which provide services to them, any of which may be established outside Luxembourg and/or the European Union, including the US and India. Such Personal Data shall be processed for the purposes of account administration, development of business relationships, anti-money laundering and counter-terrorist financing identification, tax identification, where appropriate, for the purpose of compliance with FATCA or similar laws and regulations (e.g. on OECD level). The Company and/or the Management Company, for the purpose of FATCA or other legal compliance, may be required to disclose Personal Data relating to US Persons and/or non-participant FFI's to the Luxembourg tax authorities which may transfer them to the Internal Revenue Service in the US. The Company and members of the Franklin Templeton group may also use Personal Data for other purposes set forth in the Franklin Templeton Privacy and Cookies Notice (the "Privacy Notice").

The Company asks for investors to consent to the use of information on their political opinions, religious or philosophical beliefs which may be revealed by compliance checks against politically exposed persons, for the above purposes. This consent is recorded in the application form.

The Privacy Notice provides, among other, further information on the Company's and Franklin Templeton' use of Personal Data, the types of Personal Data processed, the other purposes for which Personal Data is processed, the list of entities involved in the processing of Personal Data as well as the rights of the data subjects. The Privacy Notice is available on the Internet site: www.franklintempletonglobal.com/privacy (a paper copy will be made available free of charge upon request). If an Investor wishes to exercise its individual rights, or to raise any question, concern or complaint concerning the Privacy Notice, it may contact the Management Company or alternatively, the Data Protection Officer (Email address: DataProtectionOfficer@franklintempleton.com) at Franklin Templeton International Services S.à r.l., 8A, rue Albert Borschette, L 1246 Luxembourg.

Investors' attention is drawn to the fact that the Privacy Notice is subject to change at the sole discretion of the Management Company and/or the Company.

Anti-Money Laundering and Counter-Terrorist Financing Legislation

Pursuant to the Luxembourg law of 5 April 1993 relating to the financial sector (as amended), Directive 2018/843/EU on the prevention of the use of the financial system for the purposes of money laundering or terrorism financing and the Luxembourg law of 12 November 2004 relating to money laundering and counter terrorist financing (as amended) (the "Law of 2004"), the law of 27 October 2010 enhancing the anti-money laundering and counter-terrorist financing legal framework, and the CSSF Regulation No. 12-02 of 14 December 2012 implementing a legally binding reinforcement of the regulatory framework (the "CSSF Regulation 12-02"), as well as to the circulars of the Luxembourg supervisory authority, obligations have been imposed on the Company to take measures to prevent the use of investment funds for money laundering and terrorist financing purposes.

Accordingly, the Management Company has established a procedure to identify all its Investors. To meet the Management Company's requirements, Investors should submit any necessary identification documents together with the application form. For private individuals this will be a passport or identity card copy duly certified to be a true copy by an authorised body in their resident country. Legal entities will be required to produce documents such as proof of regulation, membership to a recognised stock exchange, or company articles of incorporation/by-laws or other constitutive documents as applicable. The Management Company is also obliged to identify any beneficial owners of the investment. The requirements apply to both purchases made directly to the Company and indirect purchases received from an intermediary or a distributor subscribing for Shares in its own name and on behalf of underlying Investors. In case of a subscription for an intermediary on behalf of a customer and/or a distributor subscribing for Shares in its own name and on behalf of underlying Investors, enhanced customer due diligence measures for this intermediary and/or distributor subscribing for Shares in its own name and on behalf of underlying Investors will be applied in accordance with the Law of 2004 and CSSF Regulation 12-02. In this context, Investors must inform without delay the Management Company or the Company when the person(s) designated as beneficial owner(s) change and in general, ensure at all times that each piece of information and each document provided to the Management Company or intermediary and/or distributor subscribing for Shares in its own name and on behalf of underlying Investors, remains accurate and up-to-date.

The Management Company reserves the right to ask at any time for additional information and documentary evidence, such as updated identity documentation, source of funds and origin of wealth, as may be required in higher risk scenarios or to comply with any applicable laws and regulations, including applicable Luxembourg regulations on the prevention of the use of the financial sector for money laundering purposes. In case of delay or failure to provide such information and/or documentary evidence, the Management Company may delay or reject the processing of purchase or sale instructions, or any other transaction. The Management Company may also delay or suspend the payment of dividends until relevant and satisfactory information and/or documentation is received. Neither the Company nor the Management Company have any liability for delays or failure to process deals as a result of the Investor providing no or only incomplete information and/or documentary evidence.

Such information provided to the Management Company is collected and processed for anti-money laundering and counter-terrorist financing compliance purposes.

The Management Company shall ensure that due diligence measures on the Company's investments are applied on a risk-based approach in accordance with Luxembourg applicable laws and regulations.

Trading Policy

Market timing/short term trading generally. The Company discourages short-term or excessive trading, often referred to as "market timing", and intends to seek to restrict or reject such trading or take other action, as described below, if in the judgment of the Company or Management Company such trading may interfere with the efficient management of the portfolio of any Fund, may materially increase the Fund's transaction costs, administrative costs or taxes, or may otherwise be detrimental to the interests of the Company and its Shareholders.

Market timing consequences. If information regarding an Investor's activity in the Company or in any other Franklin Templeton funds or non-Franklin Templeton funds is brought to the attention of the Company or the Management Company and based on that information the Company, the Management Company or their agents in their sole discretion conclude that such trading may be detrimental to the Company as described in this Market Timing Trading policy, the Company may temporarily or permanently bar an Investor's future purchases into the Company or, alternatively, may limit the amount, number or frequency of any future purchases and/or the method by which a Shareholder may request future purchases and sales (including purchases and/or sales by a switch or transfer between the Company and any other Franklin Templeton funds).

In considering an Investor's trading activity, the Company may consider, among other factors, the Investor's trading history both directly and, if known, through financial intermediaries, in the Company, in other Franklin Templeton funds, in non-Franklin Templeton funds, or in accounts under common control or ownership.

Market timing through financial intermediaries. Investors are subject to this policy whether they are a direct Shareholder of the Fund or are investing indirectly in the Company through a financial intermediary such as a bank, an insurance company, an investment advisor, or any other distributor subscribing for Shares in its own name and on behalf of underlying Investors (the Shares being held in an "omnibus holding").

While the Management Company will encourage financial intermediaries to apply the Company's Market Timing Trading policy to their customers who invest indirectly in the Company, the Management Company is limited in its ability to monitor the trading activity or enforce the Company's Market Timing Trading policy with respect to customers of financial intermediaries. For example, should it occur, the Management Company may not be able to detect market timing that may be facilitated by financial intermediaries or made difficult to identify in the omnibus holdings accounts/ accounts of distributors subscribing for Shares in their own names and on behalf of underlying Investors, used by those intermediaries for aggregated purchases, switches and sales on behalf of all their customers. More specifically, unless the financial intermediaries have the ability to apply the Company's Market Timing Trading policy to their customers through such methods as implementing short-term trading limitations or restrictions, monitoring trading activity for what might be market timing, the Management Company may not be able to determine whether trading by customers of financial intermediaries is contrary to the Company's Market Timing Trading policy.

Risks from market timers. Depending on various factors, including the size of the Fund, the amount of assets the Investment Manager typically maintains in ancillary liquid assets, bank deposits, money market instruments and money market funds and the euro, Japanese yen or US dollar amount and number and frequency of trades, short-term or excessive trading may interfere with the efficient management of the Fund's portfolio, increase the Fund's transaction costs, administrative costs and taxes and/or impact Fund performance.

In addition, if the nature of the Fund's portfolio holdings expose the Fund to Investors who engage in the type of market timing trading that seeks to take advantage of possible delays between the change in the value of a Fund's portfolio holdings and the reflection of the change in the Net Asset Value of the Fund's Shares, sometimes referred to as "arbitrage market timing", there is the possibility that such trading, under certain circumstances, may dilute the value of Fund Shares if selling Investors receive proceeds (and buying Investors receive Shares) based upon Net Asset Value which do not reflect appropriate fair value prices. Arbitrage market timers may seek to exploit possible delays between the change in the value of a Fund's portfolio holdings and the Net Asset Value of the Fund's Shares in Funds that hold significant investments in foreign securities because certain foreign markets close several hours ahead of the US markets, and in Funds that hold significant investments in small-cap securities, high-yield ("junk") bonds and other types of investments which may not be frequently traded.

The Company and the Management Company are currently using several methods to reduce the risk of market timing. These methods include:

- reviewing Investor activity for excessive trading; and
- committing staff to selectively review on a continuing basis recent trading activity in order to identify trading activity that may be contrary to this Market Timing Trading policy.

Though these methods involve judgments that are inherently subjective and involve some selectivity in their application, the Company seeks to make judgments and applications that are consistent with the interests of the Company's Investors. There is no assurance that the Company or its agents will gain access to any or all information necessary to detect market timing in omnibus holdings. While the Company will seek to take actions (directly and with the assistance of financial intermediaries) that will detect market timing, the Company cannot represent that such trading activity can be completely eliminated.

Revocation of market timing trades. Transactions placed in violation of the Company's Market Timing Trading policy are not necessarily deemed accepted by the Company and may be cancelled or revoked by the Company or the Management Company on the Valuation Days following receipt by the Management Company.

Regular Savings Plans and Regular Withdrawal Plans

Regular Savings Plans and Regular Withdrawal Plans are available for the benefit of Investors in various countries. In the case a Regular Savings Plan is terminated before the agreed final date, the amount of entry charges payable by the relevant Investors may be greater than it would have been in the case of a standard purchase, as detailed in Section "Entry Charge and Contingent Deferred Sales Charge". For further information please contact the Management Company or your local Franklin Templeton office.

The minimum Holding requirement (USD 1,000 or currency equivalent) is waived in respect of Regular Savings Plans and Regular Withdrawal Plans.

Preferential treatment

Side letters may be negotiated with specific Investors when (i) the investment size reaches a certain threshold, whereupon particular financial terms deviating from those currently disclosed in the Prospectus may be agreed; and/or (ii) the Investor is required to perform portfolio analytics, including, but not limited to, risk analysis/asset allocation purposes or is required to disclose non-public information in advance in order to comply with either a regulatory or audit request. The nature and scope of the side letters may vary between Investors but essentially these arrangements mainly consist of (i) particular fee treatments in relation to specific significant investments; or (ii) early disclosure of non-public portfolio information through non-disclosure agreements.

Contact Details

Contact details of the Management Company can be found in the section "Administrative Information", on the application form, the Contract Note or the Franklin Templeton Internet site <http://www.franklintempleton.lu>.

SHARE CLASSES

Share Classes Available

The following Share Classes are or will be issued upon a decision of the Board of Directors.

Share classes	Accumulation	Distribution
Class A	(Acc)	(Mdis) (Mdire) (Qdis) (Bdis) (Ydis)
Class AS		
Class AX		
Class B ¹⁰		
Class C		
Class EB		
Class F		
Class G		
Class I		
Class J		
Class N		
Class S		
Class W		
Class X		
Class Y		
Class Z		

Unless otherwise stated in the Prospectus, the same terms and conditions apply to the different types of Shares i.e. accumulation (acc), monthly distribution (Mdis), monthly distribution Interest Rate Differential (Mdire), quarterly distribution (Qdis), bi-annually distribution (Bdis) and yearly distribution (Ydis), of the same Share Class.

The difference in the various Share Classes relates to the fee structure and/or the dividend policy applicable to each of them. Shares can be either Distribution or Accumulation Shares. The Board of Directors intends to distribute all of the income attributable to the Distribution Shares. No distribution of dividends shall be made for the Accumulation Shares, however the income attributable will be reflected in the increased value of the Shares. Dividends may be paid monthly, quarterly, bi-annually or annually. Further details are provided in the following sections, as well as in the "Dividend Policy" section.

The purchase proceeds of the various Share Classes of a Fund are invested in one common underlying portfolio of investments but the Net Asset Value of each Share Class will be different as a result of differences in the issue price, fee structure and dividend policy.

Certain Share Classes may charge a Performance Fee as further described in section "Performance Fees". The relevant Share Classes will be denoted by the inclusion of "PF" in their names.

Certain Share Classes may be reserved for Investors of selected Distributor(s) and are made available to Investors subscribing through such Distributor(s) only. Such relevant Share Classes will be denoted by the inclusion of "M" in their names.

Share Classes with "pc" or "am" in their name are distribution share classes designed to offer, under normal market conditions, dividend distribution at a fixed percentage of the Net Asset Value per Share or a fixed amount respectively. The dividends, which are not dependent on the level of income or capital gains actually received or generated by the Fund may be paid out of capital and further reduce the relevant Fund's and Share Classes' Net Asset Value. Dividends paid out of capital could be taxed as income in certain jurisdictions. The distribution frequency, as well as the respective target distribution rate and amount for such Share Classes will be disclosed in the KIID as well as in the "Dividend Schedule" available on the www.franklintempleton.lu website or upon request from the Management Company. The Board of Directors of the Company reserve the right to change the fixed percentage/amount of the "pc" and/or "am" distribution Share Classes at any time, for example, if it is believed after review of the market and Fund circumstances that the estimated level of income that the Fund is reasonably in a position to generate does not correspond to the declared fixed distribution target of the Share Class. In such a case, a lower amount of dividend to be distributed may be declared and the new target distribution rate or amount will be disclosed in the KIID as well as in the "Dividend Schedule". Equally, the Board of Directors of the Company may deem appropriate to declare a dividend higher than the target fixed distribution if it is envisaged that the level of income of the Fund is greater than the targeted fixed distribution of the Share Class.

Class A Shares are no longer available to direct retail Investors in the UK. Class A Shares will continue to be available for non-advised execution only and discretionary sales in the UK, as well as for current regular subscriptions of existing Investors.

Class AS Shares may only be offered for distribution in Singapore to CPF Investors through distributors, platforms, Brokers/Dealers, professional investors and in limited circumstances to other investors at the discretion of the Principal Distributor. In this context, Class AS Shares may be offered through investment-linked insurance products under the Singapore's CPF Investment Scheme.

The Board of Directors has resolved that as from April 1, 2016, no additional **Class B Shares** will be issued.

¹⁰ Class B Shares are no longer issued.

Class EB Shares may be offered to distributors, Brokers/Dealers, professional investors and/or other investors investing (or committing to invest - including by way of a letter of intent) a minimum of USD 10 million (or equivalent in other currency) within the first 6 months of the launch of the Share Class. Investors should be aware that there may be circumstances where the Board of Directors or the Management Company may decide to close such Share Class to further subscriptions when assets in the Share Class reach a level determined by the Management Company and/or to reduce or extend the aforementioned 6 months investment period, in which case such information to be determined per Share Class per Fund will be disclosed on the www.franklintempleton.lu website.

Class F Shares and **Class G Shares** shall only be offered for distribution in certain countries and to selected distributors and/or Brokers/Dealers by invitation.

Class I Shares are only offered to Institutional Investors as defined from time to time by the guidelines or recommendations of the competent Luxembourg financial supervisory authority (please refer below for the list of qualifying Institutional Investors).

Class J Shares are only offered by invitation to selected Institutional Investors as defined from time to time by the guidelines or recommendations of the competent Luxembourg financial supervisory authority (please refer below for the list of qualifying Institutional Investors), investing a minimum of USD 150 million (or equivalent in other currency). Investors should be aware that there may be circumstances where the Board of Directors or the Management Company may decide to close such Share Class to further subscriptions at its sole discretion, in which case such information to be determined per Share Class per Fund will be disclosed on the www.franklintempleton.lu website.

Class N Shares may be offered for distribution in certain countries and/or through certain sub-distributors, Brokers/Dealers and/or professional investors at the discretion of the Principal Distributor, in which case any local supplement to this Prospectus or marketing material, including that used by the relevant intermediaries, will refer to the possibility and terms to subscribe for Class N Shares.

Class S Shares shall only be offered in limited circumstances by invitation to intermediaries, distributors, platforms and/or Brokers/Dealers subject to (i) a level of assets under management (or commitment to raise level of assets under management) with Franklin Templeton in excess of USD 1 billion (or equivalent in other currency) and/or (ii) a commitment to raise level of assets under management in excess of USD 50 million (or equivalent in other currency) in Class S Shares of a given Fund and which:

- cannot receive and retain any trail, commission, rebate or other similar fees (referred to as inducements) as a result of applicable local legal and/or regulatory prohibition (in the EU, those prohibitions are at least applicable to discretionary portfolio management and/or the provision of independent advice under MiFID), or
- have separate fee arrangements with their clients for the payment of non-independent advice services further to which it does not receive and retain inducements, or
- perform distribution activities outside of the EU based on a separate fee arrangements with their clients for the provision of investment advice. Separate fee arrangement requirements may be waived for intermediaries in certain non-EU jurisdictions, at the discretion of the Management Company.

In addition, Class S Shares may be offered to professional investors and/or other investors (i) meeting one of the aforementioned assets under management threshold or (ii) committing (including by way of a letter of intent) to raise level of assets in the Share Class in excess of USD 25 million (or equivalent in other currency) within the first 3 months of the Share Class launch. Investors should be aware that there may be circumstances where the Board of Directors or the Management Company may decide to reduce or extend the 3 months period in which case such information will be disclosed on www.franklintempleton.lu website.

Class W Shares are intended to be offered through intermediaries, distributors, platforms and/or Brokers/Dealers which,

- cannot receive and retain any trail, commission, rebate or other similar fees (referred to as inducements) as a result of applicable local legal and/or regulatory prohibition (in the EU, those prohibitions are at least applicable to discretionary portfolio management and/or the provision of independent advice under MiFID), or
- have separate fee arrangements with their clients for the payment of non-independent advice services further to which it does not receive and retain inducements, or
- perform distribution activities outside of the EU based on a separate fee arrangements with their clients for the provision of investment advice. Separate fee arrangement requirements may be waived for intermediaries in certain non-EU jurisdictions, at the discretion of the Management Company.

Class X Shares may only be offered to Institutional Investors as defined from time to time by the guidelines or recommendations of the competent Luxembourg financial supervisory authority (please refer below for the list of qualifying Institutional Investors), in certain limited circumstances, at the discretion of the Management Company or the Investment Manager and its affiliates.

Class X Shares are, inter alia, designed to accommodate an alternative charging structure whereby a fee covering the investment management fees, as contemplated into section "Investment Management Fees", is levied and collected by the Management Company directly from the Investors who are clients of Franklin Templeton and who enter into a specific agreement with the Management Company. These fees will therefore not be payable out of the net assets of the relevant Fund attributable to Class X Shares.

Class X Shares will however bear their pro-rata share of any other applicable expenses such as registrar, transfer, corporate, domiciliary, administration, depositary, audit and regulatory fees and charges as well as any applicable taxes and other charges and expenses as further described in sections "Management Company Remuneration" and "Other Company Charges and Expenses".

Class Y Shares may only be offered to Institutional Investors as defined from time to time by the guidelines or recommendations of the competent Luxembourg financial supervisory authority (please refer below for the list of qualifying Institutional Investors), in certain limited circumstances, at the discretion of the Management Company and/or its affiliates.

Class Y Shares are, inter alia, designed to accommodate an alternative charging structure whereby a fee covering the investment management and the registrar, transfer, corporate, domiciliary and administration fees, as contemplated into sections "Management Company Remuneration" and "Investment Management Fees", is levied and collected by the Management Company directly from the Investors who are clients of Franklin Templeton and who enter into a specific agreement with the Management Company. These fees will therefore not be payable out of the net assets of the relevant Fund attributable to Class Y Shares.

Class Y Shares will however bear their pro-rata share of any other applicable expenses such as depositary, audit and regulatory fees and charges as well as any applicable taxes and other charges and expenses as further described in section "Other Company Charges and Expenses".

- Class Z Shares** are intended to be offered through intermediaries, distributors, platforms and/or Brokers/Dealers which,
- cannot receive and retain any trail, commission, rebate or other similar fees (referred to as inducements) as a result of applicable local legal and/or regulatory prohibition (in the EU, those prohibitions are at least applicable to discretionary portfolio management and/or the provision of independent advice under MiFID), or
 - have separate fee arrangements with their clients for the payment of non-independent advice services further to which it is not allowed to receive and retain inducements.

The Class Z Shares may be available in other circumstances and jurisdictions at the discretion of the Board of Directors.

The Company and the Management Company will not issue, execute a switch of or transfer Shares to any Investor who is deemed not to meet the above eligibility requirements. If it is identified at any time that a holder of one or several of the above Share Classes does not qualify, or no longer qualifies, the Company or the Management Company may, at any time, decide to compulsorily redeem said Shares in accordance with the conditions and procedures set forth in the Articles.

A complete list of available Shares Classes may be obtained from the Franklin Templeton Internet site <http://www.franklintempleton.lu> or upon request at the registered office of the Company and the Management Company.

List of Qualifying Institutional Investors

- Institutional investors stricto sensu, such as banks and other regulated professionals of the financial sector, insurance and reinsurance companies, social security institutions and pension funds, charitable institutions, industrial, commercial and financial group companies, all subscribing on their own behalf, and the structures which such Institutional Investors put into place for the management of their own assets.
- Credit institutions and other regulated professionals of the financial sector investing in their own name but on behalf of Institutional Investors as defined above.
- Credit institutions and other regulated professionals of the financial sector established in Luxembourg or abroad which invest in their own name but on behalf of their non-institutional clients on the basis of a discretionary management mandate.
- Collective investment undertakings established in Luxembourg or abroad.
- Holding companies or similar entities, whether Luxembourg-based or not, whose shareholders are Institutional Investors as described in the foregoing paragraphs.
- Holding companies or similar entities, whether Luxembourg-based or not, whose shareholder(s)/ beneficial owner(s) is/are individual person(s) which is/are extremely wealthy and may reasonably be regarded as sophisticated investor(s) and where the purpose of the holding company is to hold important financial interests/investments for an individual or a family.
- A holding company or similar entity, whether Luxembourg based or not, which as a result of its structure and activity has a true substance and holds important financial interests / investments.

Alternative Currency Classes

Share Classes may be offered in the following currencies:

- Australian Dollar (AUD)
- Canadian Dollar (CAD)
- Czech Koruna (CZK)
- Euro (EUR)
- Hong Kong Dollar (HKD)
- Hungarian Forint (HUF)
- Israeli Shekel (ILS)
- Japanese Yen (JPY)
- Norwegian Krone (NOK)
- Polish Zloty (PLN)
- Renminbi (RMB)
- Singapore Dollar (SGD)
- South Africa Rand (ZAR)
- Swedish Krona (SEK)
- Swiss Francs (CHF)
- US Dollar (USD)
- UK Sterling (GBP)

or any other freely convertible currency.

Alternative Currency Classes offered in Renminbi (RMB) will only be available to professional investors and Institutional Investors in jurisdictions where the offer is authorised or lawful. The allotment of Shares in RMB is conditional upon receipt of purchase monies, including any applicable entry charge, which must be paid within four (4) Luxembourg Business Days of the Valuation Day unless the Board of Directors requires cleared funds on or prior to an application being accepted.

The offshore Renminbi market (CNH) rate will be used when determining the Net Asset Value of the Alternative Currency Classes denominated in RMB, not the onshore Renminbi (CNY). The value of CNH could differ, perhaps significantly, from that of CNY due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions applied by the Chinese government from time-to-time as well as other external market forces. Where the term RMB is used in the Prospectus, it refers to the offshore Renminbi market (CNH).

The Net Asset Value of Alternative Currency Share Classes will be calculated and published in the alternative currency and purchase payments for such Classes are to be paid by the Investors, and sale proceeds are paid to selling Investors, in such alternative currency, unless otherwise authorised under the Prospectus. The Company does not currently intend to hedge the currency risks to which these Classes are exposed, except for Hedged Share Classes.

The terms and conditions applicable to the Share Classes available in alternative currency are the same as those which apply for the same Share Classes offered in the base currency.

The Board of Directors may decide to offer an Alternative Currency Share Class in another currency than those mentioned above in which case the Prospectus will be updated.

Hedged Share Classes

In respect of Hedged Share Classes, either the base currency exposure of the Fund may be hedged into the Hedged Share Class' alternative currency to reduce exchange rate fluctuations and to reduce return fluctuations (H1), or a hedging strategy may be applied in order to reduce the risk of currency movements between the currency of the Hedged Share Class and other material currencies of the securities and cash held by said Fund (H2). Hedged Share Class using the first methodology will contain the abbreviation H1 in their denomination whereas Hedged Share Class using the second methodology will contain the abbreviation H2.

A third methodology, containing the abbreviation H3 may be applied to those Funds whose investment strategy is based on a currency ("Currency of Return") different from the Funds' base currency. H3 Hedged Share Classes include a hedging strategy which attempts, to the extent possible, to reduce the influence of changes in the exchange rate between the Funds' base currency and the Currency of Return.

Where currency controls imposed by a country's monetary authority prevent free movement of currency ("Restricted Currency"), a fourth hedging methodology, containing the abbreviation H4, may be used. The share class will be denominated in the base currency of the Fund but will hedge the Fund's base currency into the Fund Hedged Share Class' Restricted Currency for investors in that Restricted Currency.

H4 Hedged Share Class are designed to offer a currency hedging solution to the underlying investors of Brazilian feeder funds which, due to the trading restrictions on Brazilian Real ("BRL") cannot be achieved via a traditional currency hedged Share Class that would be denominated in BRL.

Whilst the reference currency of the H4 Hedged Share Class will be that of the Fund, the intention will be to systematically introduce the currency exposure into the value of the Share Class' NAV via the use of financial derivative instruments including non-deliverable forwards. The NAV of the H4 Hedged Share Class, although denominated in the base currency of the Fund, will thus fluctuate in line with the fluctuation of the exchange rate between the BRL and the Base Currency of the Fund. The effects of this will be reflected in the performance of the H4 Hedged Share Class which therefore may differ significantly from the performance of other Share Classes within the Fund. Any profit or loss as well as costs and expenses resulting from these transactions will be reflected exclusively in the NAV of the H4 Hedged Share Class.

The Brazilian feeder funds will seek to offer a currency hedging solution to their investors by combining the derivative instruments including non-deliverable forwards investment within the Hedged Share Class combined with the Currency Spot conversion in the Feeder Fund. A feeder fund is a fund that invests all or nearly all of its assets in another single collective scheme commonly referred to as a target fund.

The Brazilian feeder funds are based in Brazil and are managed by managing entities belonging to or affiliated with Franklin Templeton. H4 Hedged Share Classes are reserved for Institutional Investors as defined above which are collective investment schemes established in Brazil, managed by managing entities belonging to Franklin Templeton and which have been approved by the Management Company to purchase this Share Class.

Currency hedging techniques may be used at Share Class level and may be carried out by the relevant Investment Manager(s) or by JPMORGAN CHASE BANK, N.A., London Branch (the "Currency Administrator"). In this context, the Investment Manager(s) or Currency Administrator will limit hedging to the extent of the relevant Hedged Share Class selected currency exposure. Over-hedged positions will not normally exceed 105% of the Net Asset Value of the relevant Hedged Share Class and under-hedged positions shall not normally fall short of 95% of the portion of the Net Asset Value of the relevant Hedged Share Class which is to be hedged against selected currency risk. Hedged positions will be reviewed on an on-going basis by the Investment Manager(s) or Currency Administrator, to ensure that over-hedged or under-hedged positions do not exceed/fall short of the permitted levels outlined above. In the event that the hedging in respect of a Hedged Share Class exceeds permitted tolerances due to market movements or Subscription/Redemptions of Shares, the Investment Manager(s) or Currency Administrator shall adjust such hedging appropriately.

Shareholders should also note that generally there is no segregation of assets and liabilities between Share Classes and therefore a counterparty to a derivative overlay entered into in respect of a Hedged Share Class may have recourse to the assets of the relevant Fund attributable to other Share Classes of that Fund where there is insufficient assets attributable to the hedged Share Class to discharge its liabilities. While the Company has taken steps to ensure that the risk of contagion between Share Classes is mitigated in order to ensure that the additional risk introduced to the Fund through the use of a derivative overlay is only borne by the Shareholders in the relevant Share Class, this risk cannot be fully eliminated.

An up-to-date list of the Share Classes utilising a currency overlay is available upon request at the registered office of the Company.

The terms and conditions applicable to the Hedged Share Classes are the same as those which apply for the same Share Classes offered in the base currency, the only difference being the hedging of the currency effects, as described in above paragraphs, through the use of a class specific currency overlay whose gains and losses will be attributable solely to the corresponding Hedged Share Class.

Entry Charge and Contingent Deferred Sales Charge

Class A Shares and Class AX Shares

- Entry Charge

The price at which Class A and Class AX Shares will be offered is the Net Asset Value per Share, plus an entry charge based on the total amount invested, varying per asset class as follows:

- Equity Funds, Alternative Funds, Balanced Funds and Multi-Asset Funds¹¹: up to 5.75%
- Fixed Income Funds: up to 5.00%
- Money Market Funds: up to 1.50%

Out of this charge the Principal Distributor may make payments to sub-distributors, intermediaries, Brokers/Dealers and/or professional investors, who may include affiliates of Franklin Templeton. The entry charge may be waived in whole or in part by the Principal Distributor either for individual Investors or for particular groups of Investors. The balance of the amount invested after the deduction of any applicable entry charge will then be applied to the purchase of Shares in the relevant Fund.

If in any country in which the Shares are offered, local law or practice requires or permits a lower entry charge or a different maximum than the charge stated above for any individual purchase order, the Principal Distributor may sell Class A and Class AX Shares, and may authorise sub-distributors, intermediaries, Brokers/Dealers and/or professional investors to sell Class A and Class AX Shares, within such country at a total price less than the applicable price set forth above, but in accordance with the amounts permitted by the law or practice of such country.

- Qualified Investments of USD 1 Million or More

In relation to qualified investments of USD 1 million or more in respect of Class A and Class AX Shares, the entry charge may be waived and a Contingent Deferred Sales Charge ("CDSC") of up to 1% may apply if an Investor sells Shares within 18 months after each investment in order to recover commissions paid to sub-distributors, intermediaries, Brokers/Dealers and/or professional investors. The CDSC is up to 1.00% of the total cost of such Shares (exclusive of reinvested dividends distributions), and is retained by the Principal Distributor. The way this charge is calculated is more fully described in the section "Calculation of CDSC".

Qualified investments are investments made either as a lump sum or through cumulative orders of the Investor, his spouse, his children and/or grandchildren if they are under the age of 18. For the purpose of the application of the qualified investments rules, shareholdings in other investment funds offered by Franklin Templeton may be combined at the Investor's request. Information on the investment funds which shares may be combined, and details of the procedure, terms and conditions applicable may be obtained from the Management Company upon request.

No switch with Shares of other Classes will be allowed for Shares subject to such contingent deferred sales charge.

Class AS Shares

The price at which Class AS Shares will be offered is the Net Asset Value per Share. The Principal Distributor does not apply an entry charge nor CDSC on purchases of Class AS Shares.

Class B Shares

The Board of Directors has resolved that as from April 1, 2016 no additional Class B Shares will be issued. Class B Shares purchased by Investors prior to April 1, 2016 are subject to a CDSC of up to 4% if such Investor sells Shares within four (4) years of purchase. The way this charge is calculated is more fully described in the section "Calculation of CDSC".

Starting from January 2011, Class B Shares will be automatically converted into Class A Shares of the same Fund free of charge on the monthly scheduled conversion date fixed by the Management Company upon or following the expiry of 84 months after the date of their purchase. As a result, the terms and other conditions applicable to such Shares shall become those applicable to Class A Shares.

Class C Shares

The price at which Class C Shares will be offered is the Net Asset Value per Share. Purchases of Class C Shares are not subject to an entry charge. However, Class C Shares are subject to a CDSC of 1.00% if an Investor sells Shares within one (1) year of purchase. The way this charge is calculated is more fully described in the section "Calculation of CDSC".

Class F and G Shares

The price at which Class F and G Shares will be offered is the Net Asset Value per Share. Purchases of Class F and G Shares are not subject to an entry charge. However, Class F and G Shares are subject to a CDSC of up to 3% if an Investor sells Shares within three (3) years of purchase. The way this charge is calculated is more fully described in the section "Calculation of CDSC".

Class F and G Shares will be automatically converted into Class A Shares of the same Fund free of charge on the monthly scheduled conversion date fixed by the Management Company upon or following the expiry of 36 months after the date of their purchase. As a result, the terms and other conditions applicable to such Shares shall become those applicable to Class A Shares.

Class N Shares

- Entry Charge

The price at which Class N Shares will be offered is the Net Asset Value per Share, plus an entry charge of up to 3.00% of the total amount invested. This entry charge will apply for all different asset classes. Out of this charge the Principal Distributor may make payments to sub-distributors, intermediaries, Brokers/Dealers and/or professional investors, who may include affiliates of Franklin Templeton. The entry charge may be waived in whole or in part by the Principal Distributor either for individual Investors or for particular groups of Investors. The balance of the amount invested after the deduction of any applicable entry charge will then be applied to the purchase of Shares in the relevant Fund.

If in any country in which the Shares are offered, local law or practice requires or permits a lower entry charge or a different maximum than the charge stated above for any individual purchase order, the Principal Distributor may sell Class N Shares, and may authorise sub-distributors,

¹¹ Except for the Franklin Diversified Conservative Fund which has an entry charge of up to 5.00%.

intermediaries, Brokers/Dealers and/or professional investors to sell Class N Shares, within such country at a total price less than the applicable price set forth above, but in accordance with the amounts permitted by the law or practice of such country.

Class I, J, S, EB, W, X, Y and Z Shares

The price at which Class I, J, S, EB, W, X, Y and Z Shares will be offered is the Net Asset Value per Share. The Principal Distributor does not apply an entry charge nor CDSC on purchases of Class I, J, S, EB, W, X, Y and Z Shares.

For clarity sake, in compliance with applicable laws, regulations and market practice, intermediaries or distributors selling Class S, W, X, Y and Z Shares may apply their own selling charges. Investors shall consult their intermediary, distributors or own financial adviser to find more information about such charges (for Class W and Z Shares, such charges should not exceed 5.75% of the total amount invested).

Calculation of CDSC

The CDSC applicable for qualifying A, AX and G Shares is based on the Net Asset Value of the Shares when purchased. The CDSC for applicable B, C and F Shares is based on the Net Asset Value of the Shares being sold or their Net Asset Value when purchased, whichever is less. The calculation is made based on the relevant currency of the Shares being sold. There is no CDSC on Shares acquired through reinvestment monies. To keep the CDSC as low as possible, each time an instruction to sell Shares is placed, any Shares in the Investor's Holding not subject to a CDSC will be sold first. If there are not enough of these to meet the request, additional Shares will be sold in the order they were purchased. The amount of the CDSC is calculated by multiplying the percentages indicated in the chart displayed in Appendix E by the Net Asset Value of the Shares being sold or their Net Asset Value when purchased, whichever is applicable.

The holding period for the purposes of applying a CDSC on Shares of a particular Fund acquired through a switch of Shares from another Fund will be measured from the date that such Shares were initially acquired in the other Fund.

Amounts assessed as a CDSC are paid to the Principal Distributor, or such other party as the Company may from time to time appoint to defray distribution costs incurred by the Principal Distributor or such other party. The CDSC may be waived in whole or in part by the Principal Distributor and/or such other party at its discretion either for individual Investors or for particular groups of Investors. The Company has committed to pay to the Principal Distributor or the relevant third party the CDSC at the rates set forth in appendix E of this Prospectus net of any taxes. In case any taxes would be payable on said amounts, the amount of CDSC would be increased in a manner to ensure that the agreed amounts are paid net to the Principal Distributor or relevant third party. The Board of Directors has, at the date of this Prospectus, no reason to believe that any taxes are due or levied on the CDSC.

Specific features of Share classes

Specific features of the Share classes offered are provided in the table below.

Investor Category	Retail / Institutional		Institutional		
	Classes A*, AS, AX, C, F, G, N*, W* and Z	Classes EB and S	Class I	Class J	Classes X and Y
Share Class Overview	Classes A*, AS, AX, C, F, G, N*, W* and Z	Classes EB and S	Class I	Class J	Classes X and Y
Minimum Investment	USD 1,000*	Details available from the Company or the Management Company	USD 5,000,000**	USD 150,000,000	Details available from the Company or the Management Company
Subsequent Investment	USD 1,000*	Details available from the Company or the Management Company	USD 1,000	USD 1,000	Details available from the Company or the Management Company

*except for the A, N and W Share Classes of the Franklin Emerging Markets Debt Opportunities Hard Currency Fund, Franklin Emerging Market Corporate Debt Fund and Franklin Emerging Market Sovereign Debt Hard Currency Fund which have a minimum initial investment of USD 100,000, and a minimum subsequent investment of USD 25,000, or the equivalent in any other freely exchangeable currency

** except for the Franklin U.S. Government Fund which has a minimum initial investment of USD 1,000,000, or the equivalent in any other freely exchangeable currency

HOW TO PURCHASE SHARES

How to Apply

Prospective Investors should complete an application form and send it together with applicable identification documents (as detailed in the application form) to the Management Company in order to purchase Shares for the first time. Applications may also be accepted by telephone,

facsimile, or electronic request if expressly allowed by the Management Company. The Management Company may request the original signed application form and identification documentation to be mailed, in which case it may delay the processing of the application form until their receipt. Applications will be accepted at the discretion of the Board of Directors or the Management Company.

Processing of all application forms received by a relevant Distributor will only commence once they have been forwarded to the Management Company or to a Distributor duly authorised in writing.

Investors should also provide the documentation required for anti-money laundering and terrorist financing purposes and as more fully described in the section "Anti-Money Laundering and Counter-Terrorist Financing Legislation".

In addition, the Company and/or the Management Company reserves the right to request additional information and/or documentary evidence from Investors if their bank account is located in a country other than their country of residence, which may result in a delay in the processing of purchase and/or any other transaction until relevant and satisfactory information and/or documentation is received.

The Company or the Management Company reserves the right to request additional information and/or confirmation from the Investor for large purchases into Class C Shares, which may result in a delay in the processing of the investment until receipt of the requested information/confirmation. Distributors subscribing for Shares in their own names and on behalf of underlying Investors are permitted to purchase Class C, F and G Shares in their own name on behalf of Investors provided that they have received explicit prior approval from the Management Company to do so and do apply an agreed procedure to monitor the aging of these Shares.

By applying for Class I, J, X and/or Class Y Shares, Investors represent to the Company and the Management Company that they qualify as one or more of the types of Institutional Investor(s) as listed in section "Share Classes" and undertake to indemnify the Company, the Management Company and/or any other entity of Franklin Templeton against any and all damages, losses, costs or other expenses they may incur as a result of acting in good faith of such a representation.

Each Investor will be given a personal Investor Portfolio Number which should be quoted, along with any relevant transaction references where applicable, whenever contacting the Company and/or the Management Company.

Instructions to Purchase

Initial purchase instruction for Shares should be made on the application form or any other similar application form accepted by the Management Company. For subsequent purchase in an existing Investor Portfolio, no further application form is required. However, private individual Investors instructing Franklin Templeton directly without using Brokers/Dealers will need to complete and sign a standard purchase form (available from our website or upon request). Any subsequent instruction to purchase Shares may be made by telephone, facsimile or electronic request, if expressly allowed by the Management Company. The Management Company may request a written and duly signed confirmation of the subsequent purchase instructions which may result in delay in the processing of the investment until receipt of the requested written confirmation. Subsequent purchase instructions will be accepted at the discretion of the Board of Directors or the Management Company.

The relevant KIID must be provided to Investors prior to purchasing Shares. Where applicable, Brokers/Dealers are responsible for providing Investors with the appropriate KIID. Please always contact your Broker/Dealer before purchasing Shares. If you do not have a Broker/Dealer you should contact the Management Company or your local Franklin Templeton office which will provide you with an electronic or paper copy of the relevant KIID.

Subsequent purchase instructions should be duly signed and:

- (a) state the name of the Fund(s), the Share Class, the Share Class ISIN code (available on the Franklin Templeton Internet site <http://www.franklintempleton.lu>) and number of Shares applied for in the Fund(s) (the number of Shares should be stated both in numbers and in words) or the amount (in numbers and in words) to be invested (which should include provision for any applicable entry charge);
- (b) state how payment has been or will be made; and
- (c) confirm that the relevant KIID has been provided.

If there is any discrepancy between the name of the Fund(s), the Share Class, the Share Class ISIN code or the currency of the Fund(s) Share Class quoted in the instruction, the order will be executed on the basis of the ISIN code quoted.

The Company and/or the Management Company reserve the right to accept or refuse application form or any purchase instruction in whole or in part and for any reason. If any application form or purchase instruction is not accepted in whole or in part, the purchase monies will be returned to the Investor at the risk and cost of the Investor.

An Investor may not withdraw his request for purchase except in the event of a suspension of the valuation of the assets of the Company (see Appendix D) and, in such event, a withdrawal of a purchase instruction will be effective only if written notification is received by the Management Company before termination of the period of suspension. Purchase monies will be returned to the Investor in such circumstances.

Investors should note that Class C, F and G Shares in the Franklin U.S. Dollar Short-Term Money Market Fund will be issued only in exchange for Class C, F and G Shares respectively in another Fund. Investors should refer to the section "How to Switch Shares" for details of any restrictions in relation to switching Shares.

Neither the Company nor the Management Company shall be responsible or liable to any applicant or Investor for any loss resulting from the non-receipt of any application form or purchase instruction by whichever method it is sent (including non-receipt of facsimile application forms).

Purchase Price

At launch date, Shares of the Fund are generally offered at USD 10, or currency equivalent (plus any applicable entry charge) of the total amount invested. From launch date onwards and for purchase instructions received and accepted by the Management Company for any Dealing Day before the applicable Dealing Cut-Off Time (as described in Appendix A), Shares will be issued at the relevant Net Asset Value per Share determined on this Dealing Day (plus any applicable entry charges). Purchase monies may be required to be received by the Management Company or the relevant Distributor in cleared funds prior to processing of the instruction. In such case, the instruction will be processed on the basis of the Net Asset Value per Share determined on the Valuation Day when such funds are received by the Management Company (plus any applicable entry charge).

Unless otherwise stated in local version of this Prospectus, local specific information document to be provided to Investors, application form or marketing document, a complete instruction for the purchase of Shares received and accepted by the Management Company or by a duly authorised Distributor on a Dealing Day after the applicable Dealing Cut-Off Time will be dealt with on the basis of the Net Asset Value per Share of the relevant Share Class determined on the next Valuation Day (plus any applicable entry charge).

The Net Asset Value per Share will be calculated as detailed in the section "Calculation of the Net Asset Value" in Appendix D.

The Company and/or the Management Company will inform the registered Shareholder of the price at which the Shares have been issued on their Contract Note (refer to "Contract Note" section).

How to Pay

Payments should be made by electronic bank transfer to the bank account set forth by the Principal Distributor (as detailed in the application form). Payments can be made in the currency of the Share Class. However, an Investor may, in certain instances as permitted by the Management Company, provide for payment in any other freely exchangeable currency, in which case, the necessary foreign exchange transaction will be arranged on behalf of, and at the expense of, the Investor. Investors are advised that payments made in any other freely exchangeable currency may be delayed until the next Valuation Day to allow for currency conversion.

The Board of Directors is authorised to accept purchase of Shares in whole or in part in specie, having due regard to the requirements prescribed by the laws of the Grand Duchy of Luxembourg. In the event the Investor is unable to provide clear title on the assets the Company has the right to bring an action against the defaulting Investor.

The allotment of Shares is conditional upon receipt of purchase monies, including any applicable entry charge, which must be paid within three (3) Business Days of the Valuation Day (or such other timeframe as set out in the local fund related documentation or applicable dealing guide) unless the Board of Directors requires cleared funds on or prior to an application being accepted. The allotment of Shares for Money Market Funds is conditional upon receipt of purchase monies, including any applicable entry charge, which must be paid within one (1) Luxembourg Business Day of the Valuation Day unless the Board of Directors requires cleared funds on or prior to an application being accepted. Until full payment of settlement monies, the applicant for Shares does not have legal ownership of such Shares. Where an applicant for Shares fails to pay settlement monies on subscription or to provide a completed application form (for an initial application) by the due date, the Company and/or the Management Company may decide to redeem the relevant Shares, at the cost of the applicant or his/her distributor. The applicant for Shares may be required to indemnify the Company or the Principal Distributor against any losses, costs or expenses incurred directly or indirectly as a result of the applicant's failure to pay for Shares applied for or to submit the required documents by the due date.

Where payments are made by electronic transfer or bank wire, the Management Company shall not be responsible for reconciling remittances of purchase monies where problems occur in the transmission, or as a result of inadequate or incorrect details on the transfer instructions. Bank charges in connection with an electronic transfer may be deducted from the proceeds of the transfer by the remitting bank, correspondents, agents or sub-agents, and the receiving bank may also deduct bank charges from such remittance.

HOW TO SELL SHARES

Instructions to Sell

Shares of any Class in any Fund can be sold on any Dealing Day. Instructions to sell Shares should be submitted to the Management Company in writing or, if expressly permitted, by telephone, facsimile or electronic means. In the event of joint Investor Portfolios all instructions must be signed by all Investors except where sole signatory authority has been granted or where a power of attorney has been communicated to the Management Company. If an instruction has not been submitted in writing, the Management Company may request a written and duly signed confirmation of such instruction, in which case it may delay the processing of the instruction until receipt of the written and duly signed confirmation.

As provided for in the Articles and within the limits contained therein, when the Company and/or the Management Company become aware that a shareholder (A) is a US Person or is holding shares for the account or benefit of a US Person; (B) is holding shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax, pecuniary or material administrative disadvantages or other material disadvantages or negative impact for the Company, its shareholders or its delegates active in the investment management and advisory of the Company; (C) has failed to provide any information or declaration required by the Company and/or the Management Company or (D) has a shareholding concentration which could, in the opinion of the Company and/or the Management Company, jeopardise the liquidity of the Company or any of its Funds qualifying as money market funds, the Company and/or the Management Company will either (i) direct such shareholders to redeem or to transfer the relevant shares to a person who is qualified or entitled to own or hold such shares or (ii) redeem the relevant shares.

Where a certificate has been issued in the name(s) of the Shareholder(s), the Board of Directors may require that such Share certificate, duly endorsed, be returned to the Management Company prior to the transaction being effectuated at any applicable Net Asset Value and therefore prior to payment being made.

The instruction must contain details of the personal Investor Portfolio Number, the Fund name, the Share Class(es) including ISIN code (available on the Franklin Templeton Internet site <http://www.franklintempleton.lu>), the number/value of Shares to be sold, the settlement

currency and the bank details. If there is any discrepancy between the name of the Fund(s), the Share Class, the Share Class ISIN code or the currency of the Share Class quoted in the instruction, the instruction will be executed on the basis of the ISIN code quoted.

Any instruction to sell Shares may not be executed until any previous transaction involving the Shares to be sold has been completed and settled.

If the instruction would result in a Holding balance being less than USD 1,000 (or currency equivalent), the Company and/or the Management Company may redeem such Holding balance and pay the proceeds to the Investor.

The Company reserves the right not to be bound to accept the sale or switch on any Valuation Day more than 10% of the value of the Shares of any Fund. In these circumstances the sale of the Shares may be deferred for a period not exceeding ten (10) Luxembourg Business Days. These instructions to sell will be executed in priority to later instructions.

Neither the Company nor the Management Company shall be responsible or liable to any Investor for any loss resulting from the non-receipt of any instruction to sell, by whichever method it is sent.

An Investor may not withdraw an instruction to sell Shares except in the event of a suspension of the valuation of the assets of the Company (see Appendix D) and, in such event, a withdrawal of the instruction to sell will be effective only if written notification is received by the Management Company before termination of the period of suspension. If the instruction is not so withdrawn, the sale of the Shares will be made on the next Valuation Day following the end of the suspension.

Sale Price

A complete instruction to sell received and accepted by the Management Company or by a duly authorised Distributor on any Dealing Day before the applicable Dealing Cut-Off Time (as described in Appendix A) will be dealt with on the basis of the Net Asset Value per Share of the relevant Share Class determined on this Dealing Day (less any applicable CDSC).

Unless otherwise stated in local version of this Prospectus, local specific information document to be provided to Investors, application form or marketing document, a complete instruction to sell received and accepted by the Management Company or by a duly authorised Distributor on a Dealing Day after the applicable Dealing Cut-Off Time (as described in Appendix A) will be dealt with on the basis of the Net Asset Value per Share of the relevant Share Class determined on the next Valuation Day (less any applicable CDSC).

The Net Asset Value per Share will be calculated on the basis detailed in the section "Calculation of the Net Asset Value" in Appendix D.

Payment of Sale Proceeds

Payment for Shares sold will be made within three (3) Business Days (or such other timeframe as set out in the local fund related documentation or applicable dealing guide) after the instruction to sell has been received in good order and accepted by the Management Company and will normally be made in the Share Class currency by electronic bank transfer of funds unless otherwise instructed, except for Money Market Funds for which payment for Shares sold will be made within one (1) Business Days (or such other timeframe as set out in the local fund related documentation or applicable dealing guide). The Company and/or the Management Company, after careful due diligence, are not responsible for any delays or charges incurred at any receiving bank or settlement system, nor are they responsible for delays in settlement which may occur due to the time required for local processing of payments within some countries or by certain banks, local correspondent banks, payment agents or other agents. Payment may also be made in any freely exchangeable currency if requested within the instruction, at the cost and risk of the Investor.

If, in exceptional circumstances as described in Appendix D, the liquidity of the Fund does not permit payment of sale proceeds within three (3) Business Days from the relevant Valuation Day (or such other timeframe as set out in the local fund related documentation or applicable dealing guide), the sale proceeds will be paid as soon as reasonably practicable but without interest.

The Board of Directors is also authorised to extend the period for payment of sale proceeds to such period, not exceeding thirty (30) Luxembourg Business Days (shorter periods may however apply in some jurisdictions), as may be required by settlement and other constraints prevailing in the financial markets of countries in which a substantial part of the assets attributable to any Fund shall be invested, and this exclusively with respect to those Funds of the Company of which the investment objectives and policies provide for investments in equity securities of issuers in developing countries (namely the Franklin India Fund, the Franklin MENA Fund, the Franklin Sealand China A-Shares Fund, the Templeton All China Equity Fund, the Templeton Asia Equity Total Return Fund, the Templeton Asian Growth Fund, the Templeton Asian Smaller Companies Fund, the Templeton BRIC Fund, the Templeton China A-Shares Fund, the Templeton China Fund, the Templeton Eastern Europe Fund, the Templeton Emerging Markets Dynamic Income Fund, the Templeton Emerging Markets Fund, the Templeton Emerging Markets Smaller Companies Fund, the Templeton Emerging Markets Sustainability Fund, the Templeton Frontier Markets Fund and the Templeton Latin America Fund).

All payments are made at the Investor's risk with no responsibility on the part of the Distributors, the Investment Managers, the Management Company and/or the Company.

Sale Fees and Charges

Payments for Shares sold may be subject to a CDSC if the Shares are sold within a defined number of years from the issue of the Shares. Full details of CDSC are provided in the section "Share Classes" and Appendix E of this Prospectus.

Sale in Specie

With the prior consent of the Investor(s) concerned, and having due regard to the principle of equal treatment of Shareholders, the Board of Directors may satisfy the payment of sale proceeds in whole or in part in specie by allocating to the selling Investor(s) portfolio securities of the relevant Fund equal in value to the Net Asset Value of the Shares being sold.

HOW TO SWITCH SHARES

A switch is a transaction to convert an Investor's Holding in a Share Class into another Share Class within the same Fund or the same Share Class or another Share Class in different Funds. The transaction is executed by selling Shares in the original Share Class followed by purchasing Shares in the new Share Class provided that the Investor's Holding meets the eligibility requirements for both the existing and the new Fund or Share Class.

Investors may, under certain circumstances, switch Shares of the Company into Shares or units of certain other investment funds of Franklin Templeton having a similar sales charge structure including same percentage of CDSC over the same period of time. Information on the investment funds into which Shares may be switched, and details of the procedure, terms and conditions for switch may be obtained from the Management Company upon request.

Class A and AX Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class A and Class AX Shares can be switched with Shares in any other Fund or Share Class subject to meeting Investor qualification criteria for that Share Class.

Class A Shares and Class AX Shares subject to a CDSC can only be switched with Class A or Class AX Shares subject to the same CDSC. The aging of the Shares will be carried over to the new Share Class and no CDSC is payable at the time of such switch.

Class AS Shares

Class AS Shares can only be switched with Class AS Shares of another Fund which continues to issue Class AS Shares of the same currency and subject to such conditions imposed by the CPF Board from time to time.

Class B Shares

The Board of Directors has resolved that as from April 1, 2016 no additional Class B Shares will be issued. The existing Class B Shares purchased by Investors prior to April 1, 2016 can only be switched with Class B Shares of another Fund with existing Class B Shares of the same currency and subject to the same CDSC. Existing Class B Shares cannot be switched with Shares or units of other investment funds of Franklin Templeton. The aging of the Shares will be carried over to the new Share Class and no CDSC is payable at the time of such switch. No other Share Class is permitted to switch into Class B Shares.

Attention of Investors is drawn to this restriction that may limit their possibility to acquire Shares of another Fund through switching because Class B Shares are not available in all Funds.

Class C Shares

Class C Shares can only be switched with Class C Shares of another Fund which continues to issue Class C Shares of the same currency and subject to the same CDSC. The aging of the Shares will be carried over to the new Share Class and no CDSC is payable at the time of such switch. No other Share Class is permitted to switch into Class C Shares.

Attention of Investors is drawn to this restriction that may limit their possibility to acquire Shares of another Fund through switching because Class C Shares are not available in all Funds and the further issue of Class C Shares of the same currency of any Fund may be suspended at any time by the Board of Directors.

Class EB Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class EB Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for that Share Class. Switching into Class EB Shares is only permitted to Investors instructing through certain distributors, Brokers/Dealers, professional investors and/or other investors which fulfil the Class EB Shares eligibility requirements as per the conditions laid down in section "Share Classes".

Class F Shares

Class F Shares can only be switched with Class F Shares of another Fund which continues to issue Class F Shares of the same currency and subject to the same CDSC. The aging of the Shares will be carried over to the new Share Class and no CDSC is payable at the time of such switch. No other Share Class is permitted to switch into Class F Shares.

Attention of Investors is drawn to this restriction that may limit their possibility to acquire Shares of another Fund through switching because Class F Shares are not available in all Funds and the further issue of Class F Shares of the same currency of any Fund may be suspended at any time by the Board of Directors.

Class G Shares

Class G Shares can only be switched with Class G Shares of another Fund which continues to issue Class G Shares of the same currency and subject to the same CDSC. The aging of the Shares will be carried over to the new Share Class and no CDSC is payable at the time of such switch. No other Share Class is permitted to switch into Class G Shares.

Attention of Investors is drawn to this restriction that may limit their possibility to acquire Shares of another Fund through switching because Class G Shares are not available in all Funds and the further issue of Class G Shares of the same currency of any Fund may be suspended at any time by the Board of Directors.

Class I Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class I Shares can be switched with Shares in any other Fund or Share Class. Only Institutional Investors can switch their Shares into Class I Shares.

Class J Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class J Shares can be switched with Shares in any other Fund or Share Class subject to meeting Investor qualification criteria for that Share Class. Switching into Class J Shares is only permitted to selected Institutional Investors who fulfil the Class J Shares eligibility requirements as per the conditions laid down in section "Share Classes".

Class N Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class N Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for that Share Class.

Class S Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class S Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for that Share Class. Switching into Class S Shares is only permitted to Investors instructing through certain distributors, Brokers/Dealers and/or professional investors which fulfil the Class S Shares eligibility requirements as per the conditions laid down in section "Share Classes".

Class W Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class W Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for that Share Class. Switching into Class W Shares is only permitted to Investors instructing through intermediaries, distributors, platforms and/or Brokers/Dealers which fulfil the Class W Shares eligibility requirements as per the conditions laid down in section "Share Classes".

Class X Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class X Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for that Share Class. Only Institutional Investors can switch their Shares into Class X Shares, subject to the conditions laid down in section "Share Classes".

Class Y Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class Y Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for that Share Class. Only Institutional Investors can switch their Shares into Class Y Shares, subject to the conditions laid down in section "Share Classes".

Class Z Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class Z Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for that Share Class. Switching into Class Z Shares is only permitted to Investors instructing through intermediaries, distributors, platforms and/or Brokers/Dealers which fulfil the Class Z Shares eligibility requirements as per the conditions laid down in section "Share Classes".

Instructions to Switch

An instruction to switch Shares should be submitted to the Management Company in writing or, if expressly permitted, by telephone, facsimile or electronic means. In the event of joint Investor Portfolios all instructions must be signed by all Investors, except where sole signatory authority has been granted or where a power of attorney has been communicated to the Management Company. If an instruction is not submitted in writing, the Management Company may request a written and duly signed confirmation of such instruction in which case it may delay the processing of the instruction until receipt of the written and duly signed confirmation.

No application form is required for Switching Shares. However, private individual Investors instructing Franklin Templeton directly without using Brokers/Dealers will need to complete and sign a standard switch form (available from our website or upon request). The relevant KIID must be provided to Investors prior to switching their Shares. Where applicable, Brokers/Dealers are responsible for providing Investors with the appropriate KIID. Please always contact your Broker/Dealer before switching Shares. If you do not have a Broker/Dealer you should contact the Management Company or your local Franklin Templeton office which will provide you with an electronic or paper copy of the relevant KIID.

The instruction must contain details of the personal Investor Portfolio Number and the number/value of Shares to be switched between named Funds and Share Classes including the ISIN codes (available on the Franklin Templeton Internet site <http://www.franklintempleton.lu>) and the confirmation that the relevant KIID has been provided. If there is any discrepancy between the name of the Fund(s), the Share Class, the Share Class ISIN code or the currency of the Share Class quoted in the instruction, the instruction will be executed on the basis of the ISIN code quoted. Investors may switch Shares on any Dealing Day.

The minimum initial investment in the new Fund is USD 1,000 (or currency equivalent). Any instruction which would result in a Holding balance being less than USD 1,000 (or currency equivalent) may not be executed. Investors should note that such minima (in case of switches in and Holding balance) are USD 25,000 (or currency equivalent) for the Class A, N and W Shares of the Franklin Emerging Markets Debt Opportunities Hard Currency Fund, Franklin Emerging Market Sovereign Debt Hard Currency Fund and Franklin Emerging Market Corporate Debt Fund.

Any instruction to switch Shares may not be executed until any previous transaction involving the Shares to be switched has been completed and settled. Where the sale is settled prior to the purchase, the sale proceeds will remain in the Company's collection bank account pending settlement of the purchase. No interest will accrue to the benefit of the Investor.

Any instruction to switch Shares between Funds denominated in differing currencies will be executed on the same Valuation Day. However, in exceptional circumstances, the Company or the Management Company may, at its own discretion, require one (1) additional Business Day in order to process the switch transactions. The Company reserves the right not to be bound to switch on any Valuation Day more than 10% of the value of the Shares of any Fund. In these circumstances the switch may be deferred for a period not exceeding ten (10) Business Days. These instructions to switch will be executed in priority to later instructions.

In certain limited circumstances as well as for distributions in certain countries and/or through certain sub-distributors and/or professional investors, the Company or the Management Company may require one (1) additional Business Day in order to process switch transactions. The additional day may be required for operational reasons in cases where currency conversion is required.

An Investor may not withdraw an instruction to switch Shares except in the event of a suspension of the valuation of the assets of the Company (see Appendix D) and, in such event, a withdrawal of the instruction to switch will be effective only if written notification is received by the Management Company before termination of the period of suspension. If the instruction is not so withdrawn, the switch of the Shares will be made on the next Valuation Day following the end of the suspension.

Switch Price

A complete switch instruction received and accepted by the Management Company or by a duly authorised Distributor on any Dealing Day before the applicable Dealing Cut-Off Time (as described in Appendix A), will be dealt with on the basis of the Net Asset Value per Share of the relevant Share Class determined on this Dealing Day.

A complete switch instruction received and accepted by the Management Company or by a duly authorised Distributor on a Dealing Day after the applicable Dealing Cut-Off Time, will be dealt with on the basis of the Net Asset Value per Share of the relevant Share Class determined on the next Valuation Day.

The number of Shares issued will be based upon the respective Net Asset Value of the Shares of the two relevant Funds or Share Classes on the relevant Valuation Day(s).

Switch Fees and Charges

A switch charge of up to 1.00% of the value of the Shares to be switched may be applied for distribution in certain countries and/or through certain Distributors and/or professional investors. Such charge shall be automatically deducted when the number of Shares is calculated and paid by the Company.

In certain circumstances a switch from any one Fund or Share Class will necessitate a fee equivalent to the difference between the two levels of entry charges unless the Investor, as a result of prior switches, has already paid the entry charge rate differential.

It is currently anticipated that any switch charge or entry charge rate differential will be paid to the Principal Distributor, who may, in turn, pay a portion of each differential to Distributors, intermediaries, Brokers/Dealers and/or professional investor. However, the entry charge rate differential may be waived at the discretion of the Company and/or the Management Company.

HOW TO TRANSFER SHARES

A transfer is a transaction for the purpose of transferring an Investor Holding to another Investor.

An instruction to transfer Shares should be submitted to the Management Company in writing or by a duly signed Share transfer form together with, if issued, the relevant Share certificate to be cancelled, or if expressly permitted, by telephone, facsimile or electronic means. The instruction must be dated and signed by the transferor(s), and if requested by the Company and/or the Management Company also signed by the transferee(s), or by persons holding suitable powers of attorney to act therefore.

Acceptance of the transfer by the Management Company will be subject to the transferee(s) having an accepted application by the Company, and meeting all Fund and Share Class eligibility requirements.

Any request to transfer Shares will only be executed once any previous transaction involving the Shares to be transferred has been completed and full settlement on those Shares received.

If the transfer instruction would result in a Holding balance being less than USD 1,000 (or currency equivalent) the Company and/or the Management Company may redeem such Holding balance and pay the proceeds to the Investor.

Transfer of Shares will be effected in accordance with the rules applicable to the relevant stock exchange in Luxembourg where the shares are listed.

The Shares are freely transferable. The Articles provide that the Board of Directors is entitled to impose restrictions as they may think necessary for the purposes of ensuring that no Shares are acquired or held by (a) any person in violation of or subject to the applicable laws or regulations of any country or government authority or (b) any person in circumstances which, in the opinion of the Board of Directors, might result in the Company incurring any liability of taxation or suffering any other disadvantage which the Company might not otherwise have incurred. The Shares transferred may be subject to specific conditions, including CDSC. Investors should ensure that they are aware of all specific conditions applicable to such Shares.

DIVIDEND POLICY

In respect of all Funds which issue Distribution Shares, it is the intention of the Board of Directors to distribute substantially all of the income attributable to the Distribution Shares. Subject to any legal or regulatory requirements, dividends may also be paid out of the capital of such Funds. Subject to any legal or regulatory requirements, the Board of Directors reserves the right to introduce new Share Classes, which may retain and re-invest their net income.

Annual dividends may be declared separately in respect of each Fund at the Annual General Meeting of Shareholders.

Interim Share dividends may be paid upon a decision of the Board of Directors and/or the Management Company in relation to any of the Funds.

It is anticipated that distributions will be made under normal circumstances as set out in the table below:

Share type	Share name	Payments
Accumulation Shares	A (acc), AS (acc), AX (acc), B (acc), C (acc), F (acc), G (acc), I (acc), J (acc), N (acc), S (acc), EB (acc), W (acc), X (acc), Y (acc) and Z (acc)	No distribution of dividends shall be made but the net income attributable will be reflected in the increased value of the Shares
Distribution Shares	A (Mdis), AS (Mdis), AX (Mdis), B (Mdis), C (Mdis), F (Mdis), G (Mdis), I (Mdis), J (Mdis), N (Mdis), S (Mdis), EB (Mdis), W (Mdis), X (Mdis), Y (Mdis) and Z (Mdis)	Under normal circumstances it is anticipated that distribution will be made monthly (following the end of each month)
	A (Qdis), AS (Qdis), AX (Qdis), B (Qdis), C (Qdis), F (Qdis), G (Qdis), I (Qdis), J (Qdis), N (Qdis), S (Qdis), EB (Qdis), W (Qdis), X (Qdis), Y (Qdis) and Z (Qdis)	Under normal circumstances it is anticipated that distribution will be made quarterly (following the end of each calendar quarter)
	A (Bdis), AS (Bdis), AX (Bdis), B (Bdis), C (Bdis), F (Bdis), G (Bdis), I (Bdis), J (Bdis), N (Bdis), S (Bdis), EB (Bdis), W (Bdis), X (Bdis), Y (Bdis) and Z (Bdis)	Under normal circumstances it is anticipated that distribution will be made bi-annually (normally in July and in January each year)
	A (Ydis), AS (Ydis), AX (Ydis), B (Ydis), C (Ydis), F (Ydis), G (Ydis), I (Ydis), J (Ydis), N (Ydis), S (Ydis), EB (Ydis), W (Ydis), X (Ydis), Y (Ydis) and Z (Ydis)	Under normal circumstances it is anticipated that distribution will be made yearly (normally in July/August each year)
	A (Mdir), AS (Mdir), AX (Mdir), B (Mdir), C (Mdir), F (Mdir), G (Mdir), I (Mdir), J (Mdir), N (Mdir), S (Mdir), EB (Mdir), W (Mdir), X (Mdir), Y (Mdir) and Z (Mdir)	Under normal circumstances it is anticipated that distribution will be made monthly (following the end of each month)

In order to receive dividends on Distribution Shares, Investors must be registered as holders of such Distribution Shares on the register of Shareholders on the Valuation Day determined by the Company as being the distribution accounting date.

Dividends of registered Distribution Shares will normally be reinvested in the purchase of further Distribution Shares of the Fund and Share Class to which such dividends relate, unless otherwise stated in the application form. Such further Distribution Shares will be issued on the ex-dividend date. The price will be calculated in the same way as for other issues of Shares of that Fund on the Valuation Day on which the price of the Distribution Shares of that Fund goes ex-dividend. Fractional Shares will be rounded to three decimal places. No entry charge will be payable. Investors not wishing to use this reinvestment facility should complete the appropriate section of the application form. In the event that cash dividends are payable they will be paid to holders of registered Distribution Shares who have elected to receive dividends in cash, payment normally being made by transfer of funds. However, the Board of Directors may decide that any dividend below USD 50 (or currency equivalent) will be reinvested in further Shares of the same Share Class instead of being paid directly to the Investors. Dividends to be paid in any other freely exchangeable currency will be converted at the Investor's expense.

When dividends of USD 250 (or currency equivalent) or less cannot be paid to a registered Investor due to missing data or payment unable to be effected, the Company or the Management Company reserves the right, unless otherwise disclosed in a local supplement to the Prospectus, to automatically re-invest such dividends and any subsequent dividends to be paid in the purchase of further Distribution Shares of the Fund and Share Class to which such dividends relate until receipt of instructions in good order from the Investor.

If a dividend has been declared but not paid within a period of five (5) years, the Company will, as it is entitled to do under the laws of the Grand Duchy of Luxembourg, declare the dividend forfeited and such unpaid dividend will accrue for the benefit of the relevant Fund.

In respect of each dividend declared, the Board of Directors and/or the Management Company may determine if, and to what extent, such dividend is to be paid out of realised and unrealised capital gains and in the case of Funds which distribute income gross of expenses from initially subscribed capital, regardless of capital losses, increased or decreased, as the case may be, by the portion of investment income and capital gains attributable to Shares issued and to Shares redeemed.

Share Classes with the suffix "dir"

Distributing Share Classes with the suffix "dir" are offered as part of a currency Hedged Share Class.

Such Share Classes will normally pay dividends on a monthly basis in the currency of the relevant Hedged Share Class. The monthly dividend rate per Share will be variable and will be calculated based on the estimated gross annual yield of the relevant Fund's portfolio attributable to that Share Class and the addition of the estimated interest rate carry, when such carry is deemed to be positive.

The interest rate carry is based on the approximate Interest Rate Differential between the Hedged Share Class currency and the base currency of the Fund resulting from a currency hedging strategy. This is calculated using a 12-month rolling average of the differential between the 1 month FX forward rate and the spot rate of the two currencies at each month end. The Investment Manager may decide to distribute less than 100%, but will never aim to pay more than 100% of the estimated Interest Rate Differential.

Investors should be aware that "dirc" Share Classes give priority to dividends, rather than to capital growth and will typically distribute more than the income received by the Fund. As such, dividends may be paid out of capital, resulting in erosion of the capital invested. Investors are invited to consider more in particular the Class Hedging risk and Dividend Policy risk under the section "Risk Considerations".

Share Classes with the suffix "pc" or "am"

Distributing Share Classes with the suffix "pc" or "am" may make monthly, quarterly, bi-annual or annual distributions based on fixed percentage or amount per annum, gross of fees and expenses, as more fully disclosed in the KIID and in the "Dividend Schedule" available on the www.franklintempleton.lu website or upon request from the Management Company. A numerical suffix differentiates Share Classes with fixed distribution rates (e.g. 2, 3). For the avoidance of doubt, the numerical suffix of the Share Class does not correspond to the actual fixed percentage or amount of the Share Class. The actual fixed percentage or amount to be distributed is not displayed in the Share Class name.

It should be remembered that dividend distributions are not guaranteed, that the Funds do not pay interest and that the price of Shares in the Funds and any income earned on the Shares may go down as well as up. It should also be remembered that any dividend distribution lowers the value of the Shares in the Funds by the amount of the distribution. Future earnings and investment performance can be affected by many factors, including changes in exchange rates, not necessarily within the control of the Company, its Board of Directors, officers, the Management Company or any other person. No guarantees as to future performance of, or future return from, the Company can be given by the Company itself, or by any Director or officer of the Company, by the Management Company, by Franklin Templeton, or any of its worldwide affiliates, or by any of their directors, officers or employees.

Equalisation of Income

The Funds use an accounting practice known as equalisation, by which a portion of the proceeds from issues and the costs of sale of Shares, equivalent on a per Share basis to the amount of undistributed investment income on the date of the transaction, is credited or charged to undistributed income. As a result, undistributed investment income per Share is unaffected by issues or redemptions of Shares. However, in respect of any Fund offering only Accumulation Shares, the Board of Directors and/or the Management Company reserve the right not to apply equalisation.

MANAGEMENT COMPANY REMUNERATION

Franklin Templeton International Services S.à r.l., for performing, as Management Company, the investment management services and for any expenses incurred in connection with Investors liaison and administration of Shares, receives from the Company an annual management charge equivalent to a certain percentage per annum of each Fund's adjusted daily net assets during the year ("annual management charge") paid monthly. Details of such annual management charge are provided in Appendix E. The Management Company where applicable pays part of this annual management charge to various (i) Investment Managers, as described in section "Investment Management Fees" and (ii) third party distributors, intermediaries and Brokers/Dealers for the distribution of Shares outside the United States of America (also known as "maintenance charge"). Such maintenance charge is intended to compensate distributors, intermediaries and Brokers/Dealers for providing distribution or other services to the Investors, including but not limited to the enhancement of the communication of ongoing information to Investors, the transaction processing or other shareholder and/or administrative services. Any request for additional information regarding any such payments should be addressed by the Investors to their relevant intermediaries. The Management Company may also, in its sole discretion, pay all or part of the annual management charge to Institutional Investors which satisfy certain conditions, including minimum investment amounts. Details of such maintenance charge are provided in the annual report of the Company.

For performing registrar and transfer, corporate, domiciliary and administrative functions for the Company, the Management Company receives as remuneration from the Company an annual fee of up to 0.20% of the Net Asset Value of the relevant Share Class, an additional amount (consisting of a fixed and variable component) per Investor Holding at the relevant Class level over each one (1) year period, and a fixed amount per year to cover part of its organisational expenses. Such remuneration will be calculated and accrued daily and will be paid monthly in arrears. This annual fee includes any remuneration paid to (i) J.P. Morgan SE, Luxembourg Branch for its services rendered to the Company as Administrative Agent and (ii) Virtus Partners Fund Services Luxembourg S.à r.l. for its services rendered to the Company as Registrar and Transfer Agent.

Pursuant to Article 111bis of the 2010 Law, the Management Company has established and apply a remuneration policy which is consistent with, and promote sound and effective risk management. Such policies and practices must not encourage risk taking which is inconsistent with the risk profile, prospectus or Article of the Company, and must not impair compliance with the Management Company's duty to act in the best interest of the Company.

The remuneration requirements apply to categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profile of the Management Company or the Company. The remuneration includes a fixed (essentially the base salary) and variable component (annual bonuses). The level of funding of the annual bonus (which can be paid in cash, equity awards or a combination of both) is dependent on overall FRI corporate performance, is approved by a compensation committee and is granted with reference to the actual performance of the relevant individual. A significant portion of the bonus can be deferred for at least three years and payment of bonus is subject to claw back provisions. The details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, how it is consistent with the integration of sustainability risks, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the compensation committee is available on the Internet site: <http://www.franklintempleton.lu>, by selecting "Our Company", "Regulatory Information" tabs (a paper copy will be made available free of charge upon request).

INVESTMENT MANAGEMENT FEES

For the investment management services that it provides to the Funds, the Management Company receives from the Company, as part of the annual management charge, a monthly investment management fee equivalent to a certain percentage per annum of each Fund's adjusted daily net assets during the year. Details of investment management fees are provided in the annual report of the Company. The Investment Managers will be remunerated by the Management Company out of the investment management fee received from the Company.

Consistent with obtaining best execution, brokerage commissions on portfolio transactions for the Company may be directed by the Investment Managers to Brokers/Dealers in recognition of research services furnished by them as well as for services rendered in the execution of orders by such Brokers/Dealers. The receipt of investment research and information and related services permits the Investment Managers to

supplement their own research and analysis and makes available to them the views and information of individuals and research staffs of other firms. Such services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payment, which are paid by the Investment Managers.

The Investment Managers may enter, with Brokers/Dealers that are entities and not individuals, into soft commission arrangements only where there is a direct and identifiable benefit to the clients of the Investment Managers, including the Company, and where the Investment Managers are satisfied that the transactions generating the soft commissions are made in good faith, in strict compliance with applicable regulatory requirements and in the best interest of the Company. Any such arrangement must be made by the Investment Managers on terms commensurate with best market practice. The use of soft commissions shall be disclosed in the periodic reports.

OTHER COMPANY CHARGES AND EXPENSES

The Principal Distributor may be entitled to receive any applicable entry charge, of up to 5.75% of the total amount invested, as further described in the section "Share Classes". The entry charge shall in no case exceed the maximum permitted by the laws, regulations and practice of any country where the Shares are sold.

The Principal Distributor may enter into contractual arrangements with various sub-distributors, intermediaries, Brokers/Dealers and/or professional investors for the distribution of Shares outside the United States of America. Payments of fees or commissions to various sub-distributors, Brokers/Dealers or other intermediaries may be made out of the annual management charges, servicing charges or other related similar fees normally paid to the Principal Distributor, when such payments are expected to enhance the quality of the distribution or other services provided to the Investors, including but not limited to the improvement of the communication of ongoing information to Investors, the transaction processing or other shareholder and/or administrative services.

As remuneration for the services rendered to the Company as Depositary J.P. Morgan SE, Luxembourg Branch will receive an annual fee depending on the nature of the investments of the different Funds in a range from 0.01% to 0.14% of the Net Asset Values of the assets of the different Funds, with possible higher depositary 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 reflected in more detail in the Funds' relevant total expense ratio (TER) and in the Company financial reports. Such fee will be calculated and accrued daily and will be paid monthly in arrears to the Depositary by the Company.

Such fees do not include normal banking and brokerage fees and commissions on transactions relating to the assets and liabilities of the Company as well as any reasonable out-of-pocket expenses incurred in connection with the Company, and chargeable to the Company and fees for other services as agreed from time to time. The amounts effectively paid will be shown in the Company's financial statements.

The Company bears its other operational costs including, but not limited to, the costs of buying and selling underlying securities, governmental and regulatory charges, legal and auditing fees, insurance premiums, interest charges, reporting and publication expenses, postage, telephone and facsimile expenses. All expenses are estimated and accrued daily in the calculation of the Net Asset Value of each Fund. The Company may, from time to time, pay certain fees to the Management Company for onward allocation to various sub-distributors, intermediaries, Brokers/Dealers and/or professional investors relating to placing certain Funds on sales platforms designed to bring about a wider distribution of Fund Shares. Such costs would only be allocated among the Funds placed on such platforms.

All charges and expenses pursuant to the above are exclusive of value added taxes or other taxes chargeable thereon, which should be paid by the Fund as required.

SERVICING CHARGES

A servicing charge may be applicable depending on the Share Class invested in. The charge is applied to the average Net Asset Value and is paid to the Principal Distributor and/or other party in order to compensate the Principal Distributor and/or other party for any financing costs and expenses incurred by it in connection with sales of Shares and the handling of CDSC. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor and/or other party.

The Company has committed to pay the Principal Distributor or the relevant third party the servicing charge at the rates as provided in Appendix E, net of any taxes. In case any taxes would be payable on said amounts, the amount of servicing charge would be increased in a manner to ensure that the agreed amounts are paid net to the Principal Distributor or relevant third party. The Board of Directors has, at the date of this Prospectus, no reason to believe that any taxes are due or levied on the servicing charge.

Full details of servicing charges are provided in Appendix E.

PERFORMANCE FEES

For the purpose of the Performance Fee calculation:

- **High Water Mark** shall be calculated by reference to (i) the initial launch price or (ii) the NAV as of the last Valuation Day which formed the basis of an accrual within the relevant Performance Period, for which a Performance Fee was paid, whichever is the higher.
- **Target NAV** shall be the High Water Mark adjusted by the daily Target Benchmark return.
- **Performance Period** shall normally be each fiscal year, except where a Share Class with a Performance Fee is launched during the fiscal year, in which case its first performance period will commence on the launch date.
- **Target Benchmark** is the applicable benchmark as indicated in Appendix E and shall be expressed in the currency in which the relevant Share Class is denominated or hedged into.

The Management Company may be entitled to receive from the net assets attributable to a Share Class an annual performance-based incentive fee (the "Performance Fee") which, if applicable, will be calculated and accrued daily and payable as of the end of each fiscal year. Details of Performance Fees are provided in Appendix E. The Investment Manager(s) will be remunerated by the Management Company out of the Performance Fees received from the Company. It should be noted that Share Classes with Performance Fee will have a lower annual management charge than Share Classes with no Performance Fee (as details in Appendix E).

The Performance Fee becomes due in the event of outperformance, that is, if the increase in the NAV during the relevant Performance Period (after deduction of any subscription and/or redemption fees levied) exceeds (i) the increase in the Target Benchmark over the same period and (ii) the applicable High Water Mark point.

The Performance Fee is accrued on each Dealing Day, on the basis of the difference between the NAV on the preceding Dealing Day (before deduction of any provision for the Performance Fee) and the Target NAV, multiplied by the number of Shares then outstanding. The Performance Fee shall be calculated and expressed in the currency in which the relevant Share Class is denominated or hedged into.

On each Dealing Day, the accounting provision made on the immediately preceding Dealing Day is adjusted to reflect the Share Class performance, positive or negative, calculated as described above. If the NAV on a given Dealing Day is lower than the Target NAV, the provision made on such Dealing Day is adjusted for the relevant Share Class within the relevant Fund.

If Shareholders redeem all or part of their Shares before the end of a Performance Period, any accrued Performance Fee with respect to such Shares will crystallise on that Dealing Day and will then become payable.

It should be noted that the Performance Fee is calculated on the basis of the performance of the Share Class of the relevant Fund, rather than on the basis of an individual Investor Portfolio.

The examples provided below illustrate the potential difference in returns between a Share Class with a Performance Fee and a Share Class without a Performance Fee in different scenarios over the fiscal year. The examples are for illustrative purposes only. The returns shown are for illustrative purposes only and there is no guarantee that any Fund will achieve these returns.

Example 1: a fund outperforms the performance fee benchmark over the fiscal year

- Fund's cumulative Share Class return before fees and expenses is 10.00%
- Cumulative Performance Fee benchmark return is 6.00%
- Performance Fee rate is 20%
- Total annual management charge for share class with a Performance Fee is 1.00%
- Total annual management charge for share class without a Performance Fee is 1.50%

	A Share Class with a Performance Fee	A Share class without a Performance Fee
<i>Gross cumulative Share Class return</i>	10%	10%
<i>Less annual management charge</i>	1.00%	1.50%
<i>Cumulative Share Class return after annual management charge</i>	9.0%	8.5%
<i>Less Performance Fees (i.e. 20% of excess performance) (see note 1 below)</i>	0.6%	n/a
<i>Net Cumulative Share Class return after Performance Fees</i>	8.4%	8.5%

Note 1: Performance Fees = 20% x (Share Class return after annual management charge - cumulative benchmark return)

Example 2: a fund underperforms the performance fee benchmark over the fiscal year

- Fund's cumulative Share Class return before fees and expenses is 5.00%
- Cumulative Performance Fee benchmark return is 6.00%
- Performance Fee rate is 20%
- Total annual management charge for share class with a Performance Fee is 1.00%
- Total annual management charge for share class without a Performance Fee is 1.50%

	A Share Class with a Performance Fee	A Share class without a Performance Fee
<i>Gross cumulative Share Class return</i>	5%	5%
<i>Less annual management charge</i>	1.00%	1.50%
<i>Cumulative Share Class return after annual management charge</i>	4.0%	3.5%
<i>Less Performance Fees (i.e. 20% of excess performance)</i>	n/a	n/a
<i>Net cumulative Share Class return after Performance Fees</i>	4.0%	3.5%

Performance Fees = 20% x (Share Class return after annual management charge - cumulative benchmark return)

BENCHMARK REGULATION

EU Benchmark Regulation

In accordance with the provisions of Regulation (EU) 2016/1011 of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "Benchmark Regulation"), supervised entities may use benchmarks in the European Union if the benchmark is provided by an administrator which is included in the register of administrators and benchmarks maintained by the European Securities and Markets Authority ("ESMA") pursuant to Article 36 of the Benchmark Regulation (the "Register"). Benchmark administrators located in the European Union whose indices are used by the Funds benefit from the transitional provisions under the Benchmark Regulation and accordingly may not yet appear on the Register. Benchmark administrators located in the European Union should apply for authorisation or registration as an administrator under the Benchmark Regulation and be inscribed in the Register by 1 January 2020. Benchmark administrators located in a third country whose indices are used by the Funds benefit from the transitional arrangements afforded under the Benchmark Regulation and accordingly may not appear on the Register.

The Benchmark Regulation requires the Management Company to produce and maintain robust written plans setting out the actions that it would take in the event that a benchmark (as defined by the Benchmark Regulation) materially changes or ceases to be provided. The Management Company maintains a written plan setting out the actions that will be taken in the event that an index materially changes or ceases to be provided. The written plan is available upon request and free of charge at the registered office of the Management Company.

The following benchmarks are used by the Funds for the purposes indicated in the table below.

Fund	Benchmark	Benchmark Administrator	Purpose
Franklin Emerging Market Sovereign Debt Hard Currency Fund	J. P. Morgan Emerging Market Bond Index Global Diversified Index	J.P. Morgan Securities LLC.	Asset allocation
Franklin K2 Alternative Strategies Fund	Euro Short-Term Rate (ESTR)	European Central Bank	Performance fee
	Swiss Average Rate Overnight (SARON)	SIX Swiss Exchange	Performance fee
	Secured Overnight Financing Rate (SOFR)	Federal Reserve Bank of New York	Performance fee
	Sterling Overnight Index Average (SONIA)	Bank of England	Performance fee
	Tokyo Overnight Average Rate (TONAR)	Bank of Japan	Performance fee

TAXATION OF THE COMPANY

The following information is based on the laws, regulations, decisions and practice currently in force in the Grand Duchy of Luxembourg and is subject to changes therein, possibly with retrospective effect. This summary does not purport to be a comprehensive description of all Luxembourg tax laws and Luxembourg tax considerations that may be relevant to a decision to invest in, own, hold, or dispose of Shares and is not intended as tax advice to any particular Investor or potential Investor. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than the Grand Duchy of Luxembourg.

Investors should inform themselves of and, when appropriate, consult their professional advisors on the possible tax consequences of purchasing, buying, holding or disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.

The Company is not liable in the Grand Duchy of Luxembourg to any tax on its profits or income and is not subject to the Grand Duchy of Luxembourg's net wealth tax.

The Company, however, is liable in the Grand Duchy of Luxembourg to a tax of 0.05% per annum of its Net Asset Value, such tax being payable quarterly on the basis of the value of the net assets of the Company at the end of the relevant calendar quarter. This tax is not applicable for the portion of the assets of a Fund invested in other undertakings for collective investment which have been already subject to such tax. In order to qualify under the current reduced tax rate of 0.01% (instead of the tax of 0.05% referred to above), the Franklin U.S. Dollar Short-Term Money Market Fund will be invested in a manner that the weighted average remaining maturity of all securities and instruments comprised in the portfolios of the respective Funds does not exceed twelve months. For the purpose of calculating the residual maturity of each single security or instrument, the financial instruments attached thereto shall be taken into account. For the securities or instruments whose terms of issue provide for an adjustment of their interest rate by reference to market conditions, the residual maturity until the date on which the rate is adjusted shall be considered.

Class I, Class J, Class X and Class Y Shares may also qualify for the reduced tax rate of 0.01% if all the Investors of these Share Classes are respectively Institutional Investors.

No stamp duty or other tax is payable in the Grand Duchy of Luxembourg on the issue of the Shares in the Company. A EUR 75 registration duty is to be paid upon incorporation and each time the Articles are amended.

Under current laws and practice, no capital gains tax is payable in the Grand Duchy of Luxembourg on the realised or unrealised capital appreciation of the assets of the Company.

The Company is registered for Value Added Tax in the Grand Duchy of Luxembourg and subject to account for Value Added Tax in accordance with applicable laws.

Investment income received or capital gains realised by the Company may be subject to tax in the countries of origin at varying rates. The Company may benefit in certain circumstances from double taxation treaties, which the Grand Duchy of Luxembourg has concluded with other countries.

WITHHOLDING TAX

Distributions made by the Company are not subject to withholding tax in the Grand Duchy of Luxembourg.

TAXATION OF INVESTORS

Investors should note that certain Share Classes may make distributions from capital, net realised and net unrealised capital gains as well as income gross of expenses. This may result in Investors receiving a higher dividend than they would have otherwise received and therefore Investors may suffer a higher income tax liability as a result. In addition, in some circumstances, this may mean that the Fund pays dividends from capital property as opposed to income property. Such dividends may still be considered income distributions for tax purposes in the hands of Investors, depending on the local tax legislation in place. In case of share classes charging Performance Fees, Investors should note that such Performance Fees may, depending on the local tax legislation in place, not be considered as a deductible expense for investor taxation purposes. Investors should seek their own professional tax advice with regard to these matters.

Luxembourg

Investors are currently not subject to any capital gains, income, withholding, gift, estate, inheritance or other taxes in the Grand Duchy of Luxembourg (except for Investors domiciled, resident or having a permanent establishment in the Grand Duchy of Luxembourg).

Automatic Exchange of Financial Account Information

On 29 October 2014, the Grand Duchy of Luxembourg signed the Multilateral Competent Authority Agreement (the "MCAA") on the implementation of the Global Standard for the automatic exchange of financial account information. By signing the MCAA, Luxembourg agreed to implement regulations to enable the adoption of automatic exchange of information with other MCAA signatory countries.

On 9 December 2014, the European Council adopted Directive 2014/107/EU in relation to the administrative cooperation in the field of direct taxation. Directive 2014/107/EU provides for the automatic exchange of account information between Member States of the European Union ("EU Member States"), reporting commenced in 2017 in relation to accounts held in the 2016 calendar year. Directive 2014/107/EU has been implemented in the Grand Duchy of Luxembourg by the law of 18 December 2015 relating to the automatic exchange of financial account information in tax matters (the "2015 Law"), which was effective from 1 January 2016.

Investors are hereby notified that the Company may be required by Luxembourg law to report details of specified accounts of account holders resident in EU Member States or MCAA signatory jurisdictions. The Luxembourg Tax Authorities may share such account data in accordance with Directive 2014/107/EU and the MCAA with the Tax Authorities of other EU Member States and MCAA signatory jurisdictions, where the account holder is tax resident. The information which may be reported includes, in the case of an individual, the reportable person's name, address, tax identification number, date and place of birth, balance of the account and the total gross amount paid or credited to the account in respect of the relevant reporting period.

The foregoing is only a summary of the implications of Directive 2014/107/EU, the MCAA and the 2015 Law. The summary is based on the current interpretation thereof and does not purport to be complete in all respects. It does not constitute investment or tax advice and Investors should therefore seek advice from their financial or tax adviser on the full implications for themselves of Directive 2014/107/EU, the MCAA and the 2015 Law.

FATCA

The Foreign Account Tax Compliance Act ("FATCA"), which is an amendment to the U.S. Internal Revenue Code, was enacted in the United States in 2010 and many of the operative provisions became effective on 1 July 2014. Generally, FATCA requires financial institutions outside the US ("foreign financial institutions" or "FFIs") to provide the U.S. Internal Revenue Service ("IRS") with information about financial accounts held directly or indirectly by certain specified U.S. persons. A 30% withholding tax is imposed on certain types of U.S. source income paid to an FFI that fails to comply with FATCA. On 28 March 2014, the Grand Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("IGA") with the United States of America and a memorandum of understanding in respect thereof. The Company hence has to comply with such Luxembourg IGA, as implemented into Luxembourg law by the law of 24 July 2015 relating to FATCA (the "FATCA Law") in order to comply with the provisions of FATCA rather than directly complying with the U.S. Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Company will be required to collect information aiming to identify its direct and indirect Shareholders that are U.S. Persons for FATCA purposes ("reportable accounts"). Any such information on reportable accounts provided to the Company will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the convention between the Government of the United States of America and the Government of the Grand Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996. The Company intends to comply with the provisions of the FATCA Law and the Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Company. The Company will continually assess the extent of the requirements that FATCA and notably the FATCA Law place upon it.

To ensure the Company's compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, Franklin Templeton International Services S.à r.l., in its capacity as the Company's Management Company, may:

- a. request information or documentation, including W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a Shareholder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain such Shareholder's FATCA status;
- b. report information concerning a Shareholder and his account holding in the Company to the Luxembourg tax authorities if such account is deemed a U.S. reportable account under the FATCA Law and the Luxembourg IGA; and

- c. report information to the Luxembourg tax authorities concerning payments to account holders with the FATCA status of non-participating foreign financial institution.

United Kingdom

It is intended that certain Share Classes offered by the Company will meet the conditions to qualify as "reporting" for the purposes of the United Kingdom tax legislation relating to offshore funds. The annual reports to investors will be made available on the Internet site: <http://www.franklintempleton.co.uk>. The list of such Share Classes may also be available on the above Internet site or may be obtained at the registered office of the Company.

MEETINGS AND REPORTS

The Annual General Meeting of Shareholders is held at the registered office of the Company on November 30 of each year or, if such day is not a Luxembourg Business Day, on the Luxembourg Business Day immediately following the 30th day of November. If no publications are required by law or imposed by the Board of Directors, notices to shareholders may be communicated by registered mail, by e-mail or by way of another means of communication. Notices of all meetings for which a publication is otherwise required will be published in the *d'Wort* and in the *Recueil Electronique des Sociétés et Associations* (hereafter "RESA") at least fifteen (15) calendar days prior to the meeting. Such notices may also be made available on Internet sites as the Board of Directors shall from time to time determine. They will include the agenda and specify the time and place of the meeting, the conditions of admission and will refer to the requirements of the laws of the Grand Duchy of Luxembourg with regard to the necessary quorum and majorities required for the meeting. The requirements as to attendance, quorum and majorities at all general meetings will be those laid down in articles 450-1 and 450-3 of the law of 10 August 1915 (as amended) relating to commercial companies and in the Articles.

The audited annual reports and unaudited semi-annual reports will be available on the following Franklin Templeton Internet site, <http://www.franklintempleton.lu>, or may be obtained upon request at the registered office of the Company and the Management Company; they are only distributed to registered Shareholders in those countries where local regulation so requires. The complete audited annual reports and unaudited semi-annual reports are available at the registered office of the Company and the Management Company. The accounting year of the Company ends on 30 June of each year.

INVESTOR VOTING RIGHTS

At any general meetings of the Shareholders of the Company, each Shareholder will be entitled to one vote for each whole Share held, whatever Class and regardless of the Net Asset Value per Share within the Share Class(es).

A Shareholder of any particular Fund or Share Class will be entitled at any separate meeting of the Shareholders of that Fund or Share Class to one vote for each whole Share of that Fund or Share Class held, whatever Class and regardless of the Net Asset Value per Share within the Share Class(es).

In the case of joint Shareholders, only the first named Shareholder may vote, whom the Company may consider to be the representative of all joint Shareholders, except where a Shareholder has been expressly nominated by all joint Shareholders or where a written authority has been given.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Articles may be obtained at the registered office of the Company and the Management Company.

APPENDIX A

STANDARD DEALING CUT-OFF TIMES

Unless otherwise disclosed in a local supplement to the Prospectus, any agreement or marketing material, requests for purchase, sale or switch of Shares (the "Transactions") received by one of the Franklin Templeton offices listed below on a Dealing Day before the appropriate Dealing Cut-Off Time will be dealt on that day on the basis of the Net Asset Value per Share of the relevant Share Class calculated on that day.

Standard Dealing Methods

(in writing, by telephone, facsimile, or electronic request (including e-mail) if expressly allowed by the Management Company)

Luxembourg office

Main Countries covered	Dealing Cut-Off Time for transactions in the currencies of the relevant Share Class	Dealing Cut-Off Time for transactions in other acceptable currencies than the currency of the relevant Share Class	Dealing Cut-Off Time for transactions in Hedged Share Classes
Any country where the Company is registered for distribution, unless mentioned below under another local Franklin Templeton office	18:00 CET	18:00 CET	18:00 CET

Frankfurt office

Main Countries covered	Dealing Cut-Off Time for transactions in the currencies of the relevant Share Class	Dealing Cut-Off Time for transactions in other acceptable currencies than the currency of the relevant Share Class	Dealing Cut-Off Time for transactions in Hedged Share classes
. Austria . Germany . Switzerland	16:00 CET	16:00 CET	16:00 CET
. the Netherlands	18:00 CET	18:00 CET	18:00 CET

Hong Kong office (North Asia region)

Main Countries covered	Dealing Cut-Off Time for transactions in the currencies of the relevant Share Class	Dealing Cut-Off Time for transactions in other acceptable currencies than the currency of the relevant Share Class	Dealing Cut-Off Time for transactions in Hedged Share Classes
. Hong Kong . Macau . South Korea	16:00 HKT	16:00 HKT	16:00 HKT

Singapore office (South-East Asia and Australasia regions, as may be applicable)

Main Countries covered	Dealing Cut-Off Time for transactions in the currencies of the relevant Share Class	Dealing Cut-Off Time for transactions in other acceptable currencies than the currency of the relevant Share Class	Dealing Cut-Off Time for transactions in Hedged Share Classes
. Singapore	16:00 SGT	16:00 SGT	16:00 SGT

American office

Main Countries covered	Dealing Cut-Off Time for transactions in the currencies of the relevant Share Class	Dealing Cut-Off Time for transactions in other acceptable currencies than the currency of the relevant Share Class	Dealing Cut-Off Time for transactions in Hedged Share Classes
Caribbean Latin America	16:00 EST	16:00 EST	12:00 EST (except H4, which is 16:00 EST)

Electronic Dealing

(Swift, Direct Electronic link with Franklin Templeton or via Franklin Templeton electronic service if allowed by the Management Company)

Main Countries covered	Dealing Cut-Off Time for transactions in the currencies of the relevant Share Class	Dealing Cut-Off Time for transactions in other acceptable currencies than the currency of the relevant Share Class	Dealing Cut-Off Time for transactions in Hedged Share Classes
Any Country where the Shares of the Company can be distributed and/or where electronic service is available	22:00 CET	22:00 CET	18:00 CET

Investors domiciled in countries not listed above but where transactions in Shares of the Company are allowed under all applicable laws and regulations should contact the client service's representative of the nearest Franklin Templeton office. This information is available on the Internet site <http://www.franklintempleton.lu>.

Definitions

CET: Central Europe time

EST: Eastern Standard time (USA)

HKT: Hong Kong Standard Time

SGT: Singapore Standard time

APPENDIX B

INVESTMENT RESTRICTIONS

The Board of Directors has adopted the following restrictions relating to the investment of the Company's assets and its activities unless otherwise provided for in sub-section 5 "Specific Investment Restrictions And Portfolio Rules For Money Market Funds" below. These restrictions and policies may be amended from time to time by the Board of Directors if and as they shall deem it to be in the best interests of the Company in which case this Prospectus will be updated.

The investment restrictions imposed by Luxembourg law must be complied with by each Fund which does not qualify as a Money Market Fund.

1. INVESTMENT IN TRANSFERABLE SECURITIES AND LIQUID ASSETS

- a) The Company will invest in one or more of the following type of investments:
- (i) transferable securities and Money Market Instruments admitted to or dealt on a Regulated Market;
 - (ii) transferable securities and Money Market Instruments dealt on another market in a member state of the European Economic Area (a "Member State") which is regulated, operates regularly and is recognised and open to the public;
 - (iii) transferable securities and Money Market Instruments admitted to official listing on a stock exchange in a non-EU Member State or dealt on another market in a non-EU Member State, which is regulated, operates regularly and is recognised and open to the public;
 - (iv) recently issued transferable securities and Money Market Instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on another Regulated Market, in the countries of the areas referred to under (i), (ii) and (iii) above, which operates regularly and is recognised and open to the public, and such admission is secured within a year of the purchase;
 - (v) units of UCITS and/or other UCIs, whether situated in a Member State or not, provided that:
 - such other UCIs have been authorised under the laws of any EU Member State or under laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority to be equivalent to that laid down in EU law and that cooperation between authorities is sufficiently ensured,
 - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and Money Market Instruments are equivalent to the requirements of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009,
 - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
 - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;
 - (vi) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the Luxembourg supervisory authority as equivalent to those laid down in EU law;
 - (vii) financial derivative instruments, including equivalent cash-settled instruments, dealt on a Regulated Market referred to in subparagraph (i) to (iv) above, and/or financial derivative instruments dealt over-the-counter ("OTC derivatives"), provided that:
 - the underlying consists of instruments covered by this appendix under 1. a), financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to its investment objectives,
 - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority,
 - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative,
 - (viii) Money Market Instruments other than those dealt on a Regulated Market and which fall under 1. a), if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
 - issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
 - issued by an undertaking any securities of which are dealt on Regulated Markets referred to above, or

- issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by the EU law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by EU law, or
 - issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least 10 million euro and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, is an entity which, within a group of companies which include one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
- b) The Company may invest up to 10% of the net assets of any Fund in transferable securities and Money Market Instruments other than those referred to in (a) above;
- c) Each Fund of the Company may hold ancillary liquid assets;
- d) (i) Each Fund of the Company may invest no more than 10% of its net assets in transferable securities and Money Market Instruments issued by the same body. Each Fund of the Company may not invest more than 20% of its net assets in deposits made with the same body. The risk exposure to a counterparty of a Fund in an OTC derivative transaction may not exceed 10% of its assets when the counterparty is a credit institution referred to in 1. a) (vi) above or 5% of its net assets in other cases.
- (ii) The total value of the transferable securities and Money Market Instruments held in the issuing bodies in each of which any Fund invests more than 5% of its net assets must not exceed 40% of the value of its assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph 1. d) (i), a Fund may not combine:

- investments in transferable securities or Money Market Instruments issued by a single body,
- deposits made with a single body, and/or
- exposures arising from OTC derivative transactions undertaken with a single body,

in excess of 20% of its net assets.

- (iii) The limit laid down under the first sentence of paragraph 1. d) (i) above shall be of 35% where the Fund has invested in transferable securities or Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by a non-Member State or by public international bodies of which one or more Member States are members.
- (iv) The limit laid down under the first sentence of paragraph 1. d) (i) above shall be of 25% 1. for Covered Bonds as defined under Article 3, point 1 of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of Covered Bonds and Covered Bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (hereafter "Directive (EU) 2019/2162"), and 2. for certain bonds when they are issued before 8 July 2022 by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds issued before 8 July 2022 must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.
- If a Fund invests more than 5% of its net assets in the bonds above and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of the Fund.
- (v) The transferable securities and Money Market Instruments referred to in paragraphs 1. d) (iii) and 1. d) (iv) are not included in the calculation of the limit of 40% referred to in paragraph 1. d) (ii).

The limit set out above under 1. d) (i), (ii), (iii) and (iv) may not be combined, and thus investments in transferable securities or Money Market Instruments issued by the same body, in deposits or derivative instruments made with this body carried out in accordance with section 1. d) (i), (ii), (iii) and (iv) may not exceed a total of 35% of the net assets of the Fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained under 1. d). A Fund may cumulatively invest up to 20% of its net assets in transferable securities and Money Market Instruments within the same group.

- (vi) Without prejudice to the limits laid down in paragraph e), the limits laid down in this paragraph d) shall be 20% for investments in shares and/or bonds issued by the same body when the aim of a Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Luxembourg supervisory authority, provided
- the composition of the index is sufficiently diversified,
 - the index represents an adequate benchmark for the market to which it refers,
 - it is published in an appropriate manner.
- The limit laid down in the subparagraph above is raised to 35% where it proves to be justified by exceptional market conditions in particular in Regulated Markets where certain transferable securities or Money Market Instruments are highly dominant provided that investment up to 35% is only permitted for a single issuer.

- (vii) **Where any Fund has invested in accordance with the principle of risk spreading in 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, the Company may invest 100% of the assets of any Fund in such securities provided that such Fund must hold securities from at least six different issues and securities from one issue must not account for more than 30% of that Fund's net assets.**
- e) The Company or any Fund may not invest in voting shares of companies allowing it to exercise a significant influence in the management of the issuer. Further, a Fund may acquire no more than (i) 10% of the non-voting shares of any single issuing body, (ii) 10% of the debt securities of any single issuing body, (iii) 25% of the units of any single collective investment undertaking, (iv) 10% of the Money Market Instruments of any single issuing body. However, the limits laid down under (ii), (iii) and (iv) may be disregarded at the time of acquisition if, at that time, the gross amount of the bonds or of the Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

The limits under this section e) shall not apply to (i) transferable securities or Money Market Instruments issued or guaranteed by a Member State, its local authorities, or public international bodies of which one or more Member States are members or by any other State, nor to (ii) shares held by the Company in the capital of a company incorporated in a State which is not a Member State investing its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that State, provided that, however, the Company, in its investment policy, complies with the limits laid down in Articles 43 and 46 and in paragraphs (1) and (2) of Article 48 of the Law of 17 December 2010.

- f) (i) Unless otherwise provided in the investment policy of a specific Fund, each Fund will not invest more than 10% of its net assets in UCITS and other UCIs.
- (ii) In the case restriction f) (i) above is not applicable to a specific Fund, as provided in its investment policy, such Fund may acquire units of UCITS and/or other UCIs referred to in paragraph 1. a) (v), provided that no more than 20% of a Fund's net assets be invested in the units of a single UCITS or other UCI.

For the purpose of the application of this investment limit, each compartment of a UCITS and/or other UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

- (iii) Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net assets of a Fund.
- (iv) When a Fund invests in the units of UCITS and/or other UCIs linked to the Company by common management or control, or by a substantial direct or indirect holding, no subscription or redemption fees may be charged to the Company on account of its investment in the units of such other UCITS and/or UCIs.
- In respect of a Fund's investments in UCITS and other UCIs linked to the Company as described in the preceding paragraph, the total management fee (excluding any performance fee, if any) charged to such Fund and each of the UCITS or other UCIs concerned shall not exceed 2% of the value of the relevant investments. The Company will indicate in its annual report the total management fees charged both to the relevant Fund and to the UCITS and other UCIs in which such Fund has invested during the relevant period.
- (v) A Fund may acquire no more than 25% of the units of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS/UCI concerned, all compartments combined.
- (vi) The underlying investments held by the UCITS or other UCIs in which the Funds invest do not have to be considered for the purpose of the investment restrictions set forth under 1. d) above.
- g) A Fund may subscribe, acquire and/or hold shares to be issued or issued by one or more other Funds without the Fund being subject to the requirements of the law of 10 August 1915 on commercial companies (as amended) with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the conditions however that:

- (i) the target Fund does not, in turn, invest in the Fund invested in this target Fund; and
- (ii) no more than 10% of the assets that the target Fund whose acquisition is contemplated may be invested in units of UCITS and/or other UCIs; and
- (iii) voting rights, if any, attaching to the shares of the target Fund are suspended for as long as they are held by the Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- (iv) in any event, for as long as these shares are held by the Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by the Law of 17 December 2010; and
- (v) there is no duplication of management/entry or sale charges between those at the level of the Fund having invested in the target Fund, and this target Fund.
- h) The Company may not (i) acquire for the benefit of any Fund securities which are partly paid or not paid or involving liability (contingent or otherwise) unless according to the terms of issue such securities will or may at the option of the holder become free of such liabilities within one year of such acquisition and (ii) underwrite or subunderwrite securities of other issuers for any Fund.

- i) The Company may not purchase or otherwise acquire any investment in which the liability of the holder is unlimited.
- j) The Company may not purchase securities or debt instruments issued by the Investment Managers or any connected person or by the Management Company.
- k) The Company may not purchase any securities on margin (except that the Company may, within the limits set forth in clause 2. e) below, obtain such short term credit as may be necessary for the clearance of purchases or sales of securities) or make uncovered sales of transferable securities, Money Market Instruments or other financial instruments referred to above; except that the Company may make initial and maintenance margin deposits in respect of futures and forward contracts (and options thereon).

2. INVESTMENT IN OTHER ASSETS

- a) The Company may not purchase real estate, nor acquire any options, rights or interest in respect thereof, provided that the Company may invest for the account of any Fund in securities secured by real estate or interest therein or in securities of companies investing in real estate.
- b) The Company may not make investments in precious metals or certificates representing them.
- c) The Company may not enter into direct commodities transactions or commodity contracts, except that the Company may, in order to hedge risk, enter into financial futures on such transactions within the limits laid down in clause 3 below.
- d) The Company may not make loans to other persons or act as a guarantor on behalf of third parties or assume, endorse or otherwise become directly or contingently liable for, or in connection with, any obligation or indebtedness or any person in respect of borrowed monies, provided that for the purpose of this restriction:
 - (i) the acquisition of bonds, debentures or other corporate or sovereign debt obligations (whether wholly or partly paid) and investment in securities issued or guaranteed by a member country of the OECD or by any supranational institution, organisation or authority, short-term commercial paper, certificates of deposit and bankers' acceptances of prime issuers or other traded debt instruments shall not be deemed to be the making of a loan; and
 - (ii) the purchase of foreign currency by way of a back-to-back loan shall not be deemed to be the making of a loan.
- e) The Company may not borrow for the account of any Fund, other than amounts which do not in aggregate exceed 10% of the net assets of the Fund, taken at market value and then only as a temporary measure. The Company may, however, acquire foreign currency by means of a back-to-back loan.
- f) The Company may not mortgage, pledge, hypothecate or in any manner transfer as security for indebtedness, any of the securities or other assets of any Fund, except as may be necessary in connection with the borrowings mentioned in clause e) above. The purchase or sale of securities on a when-issued or delayed-delivery basis, and collateral arrangements with respect to the writing of options or the purchase or sale of forward or futures contracts are not deemed the pledge of the assets.

3. FINANCIAL DERIVATIVE INSTRUMENTS

The Company may use financial derivative instruments for investment, hedging and efficient portfolio management purposes, within the limits of the Law of 17 December 2010. Under no circumstances shall the use of these instruments and techniques cause a Fund to diverge from its investment policy.

Each Fund may invest in financial derivative instruments within the limits laid down in clause 1. a) (vii) provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in clause 1. d) (i) to (v). When a Fund invests in index-based financial derivative instruments, these investments do not have to be combined in respect of the limits laid down in clause 1. d). When a transferable security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this restriction.

The Company on behalf of a relevant Fund may only choose swap counterparties that are first class financial institutions selected by the Board of Directors and that are subject to prudential supervision and belonging to the categories approved by the CSSF for the purposes of OTC derivative transactions and specialised in these types of transactions.

As the case may be, collateral received by each Fund in relation to OTC derivative transactions may offset net exposure to the counterparty if it complies with the criteria set out in applicable laws, regulations and circulars issued by the CSSF from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability as further set out below. Collateral primarily consist of cash and highly rated sovereign bonds. Collateral value is reduced by a percentage (a "haircut") which provides for short term fluctuations in the value of the collateral. The types of asset used as eligible collateral exchanged will vary based on the agreement with each counterparty, and typically consist of cash, US Treasury bills or US government agency bonds supported by the full faith and credit of the US government and/or core Eurozone sovereign or agency debt. The eligible collateral and corresponding haircut used for each type of asset is consistent with the requirements of Commission Delegated Regulation (EU) 2016/2251 of 4 October 2016 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to regulatory technical standards for risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty (more commonly referred to as the "EU uncleared OTC derivatives margin regulation"), as may be amended or supplemented from time to time. Net exposures are calculated daily by counterparty and are subject to the terms of the agreements, which include a minimum transfer amount which is typically less than Euro 500,000. The minimum transfer amount provides a threshold, below which, no collateral is exchanged. If the counterparty's net exposure to the Fund exceeds the minimum transfer amount the Fund will be required to post collateral to the counterparty. 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 may be reinvested if reinvestment is consistent with the provisions established in the Credit Support Annex ("CSA") of the International Swaps and Derivatives Association Master Agreement

("ISDA Master Agreement") executed with the relevant counterparty and provided that any reinvestment is consistent with the risk diversification requirements detailed in Appendix B "Investment Restrictions" in (a) shares or units issued by short term money market undertakings for collective investment as defined in MMFR, (b) deposits with credit institutional 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 that are deemed eligible collateral according to the terms of the CSA of the ISDA Master Agreement, 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.

The Global Exposure relating to financial derivative instruments is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions.

The Company shall ensure that the Global Exposure of each Fund relating to financial derivative instruments does not exceed the total net assets of that Fund. The Fund's overall risk exposure shall consequently not exceed 200% of its total net assets. In addition, this overall risk exposure may not be increased by more than 10% by means of temporary borrowings (as referred to in clause 2. e) above) so that it may not exceed 210% of any Fund's total net assets under any circumstances.

The Funds apply either the Value-at-Risk (VaR) or the Commitment Approach to calculate their Global Exposure, whichever is deemed to be appropriate.

When the investment objective of a Fund indicates a benchmark against which the performance might be compared, the method used to calculate the Global Exposure may consider a different benchmark than the one mentioned for performance or volatility purposes in said Fund's investment objective.

Currency Hedging

The Company may, in respect of each Fund, for the purpose of hedging currency risks, have outstanding commitments in forward currency contracts, currency futures, written call options and purchased put options on currencies and currency swaps either quoted on an exchange or dealt in on a Regulated Market or entered into with highly rated financial institutions.

Subject to the implementation of the currency hedging techniques below, commitments in one currency may not exceed the aggregate value of securities and other assets held by the relevant Fund denominated in such currency (or other currencies that fluctuate in a substantially similar manner to such currency).

In this context, the Company may, in respect of each Fund, engage in the following currency hedging techniques:

- hedging by proxy, i.e. a technique whereby a Fund effects a hedge of the reference currency of the Fund (or benchmark or currency exposure of the assets of the Fund) against exposure in one currency by instead selling (or purchasing) another currency closely related to it, provided however that these currencies are indeed likely to fluctuate in the same manner. Guidelines followed in determining that one currency moves in a substantially similar manner to another currency include the following: i) the correlation of one currency to another currency is proven over a significant period of time to be over 85%; ii) the two currencies are, by explicit government policy, scheduled to participate in European Monetary Union (Eurozone countries) on a set future date (which would include using the euro itself as a proxy for hedging bond positions denominated in other currencies scheduled to become part of the euro on a set future date); and iii) the currency used as the hedging vehicle against the other currency is part of a currency basket against which the central bank for that other currency explicitly manages its currency within a band or corridor that is either stable or sloping at a predetermined rate.
- cross-hedging, i.e. a technique whereby a Fund sells a currency to which it is exposed and purchases more of another currency to which the Fund may also be exposed, the level of the base currency being left unchanged, provided however that all such currencies are currencies of the countries which are at that time within the Fund's benchmark or investment policy and the technique is used as an efficient method to gain the desired currency and asset exposures.
- anticipatory hedging, i.e. a technique whereby the decision to take a position on a given currency and the decision to have some securities held in a Fund's portfolio denominated in that currency are separate, provided however that the currency which is bought in anticipation of a later purchase of underlying portfolio securities is a currency associated with those countries which are within the Fund's benchmark or investment policy.

Total return swaps transactions

A Fund which is authorised as per its investment policy to invest in total return swaps but which does not enter into such transactions as of the date of this Prospectus may however enter into total return swaps transactions provided that the maximum proportion of the net assets of that Fund that could be subject to such transactions does not exceed 30% and that the relevant section relating to this individual Fund is updated accordingly at the next available opportunity. In such cases, the counterparty to the transaction will be a counterparty approved and monitored by the Management Company or the Investment Manager. At no time will a counterparty in a transaction have discretion over the composition or the management of a Fund's investment portfolio or over the underlying of the total return swap. While there are no predetermined legal status or geographical criteria applied in the selection of the counterparties, these elements are typically taken into account in the selection process. The Funds' actual activity in total return swaps is disclosed in the Company's financial statements for all Funds which are engaged in total return swap contracts.

The following types of assets can be subject to total return swaps: equity, currency and/or commodity indices (such as, but not limited to Morgan Stanley Balanced Ex Energy Index, Morgan Stanley Balanced Ex Grains Index, Morgan Stanley Balanced Ex Industrial Metals Index, Morgan Stanley Balanced Ex Precious Metals Index or Morgan Stanley Balanced Ex Softs Index), volatility variance swaps as well as fixed income, most notably high yield corporate and bank loan related exposures. The risk of counterparty default and the effect on investors returns are more fully described under section "Risk Considerations".

Where a Fund enters into total return swaps transactions as of the date of this Prospectus, the expected proportion of such Fund's net assets that could be subject to total return swaps transactions shall be calculated as the sum of notionals of the derivatives used and is set out in the "Fund Information, Objectives and Investment Policies" section of the relevant Fund. If and when a Fund enters into total return swaps transactions, it is for the purpose of generating additional capital through the change in value of the underlying reference asset and receipt of any income generated by the reference asset and/or to mitigate investment risk within the portfolio through taking a short position on an underlying reference asset.

All revenues arising from total return swaps transactions will be returned to the relevant Fund, and the Management Company will not take any fees or costs out of those revenues additional to the investment management fee for the relevant Fund as set out under section "Investment Management Fees".

4. USE OF TECHNIQUES AND INSTRUMENTS RELATING TO TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS

a) Repurchase and reverse repurchase agreement 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 8 February 2008 relating to certain definitions of the Luxembourg Law of 20 December 2002 on undertakings for collective investment and of (ii) CSSF Circulars 08/356 and 14/592, a 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 and reverse repurchase agreement transactions and (B) engage in securities lending transactions.

As the case may be, collateral received by a Fund in relation to any of these transactions may offset net exposure by the counterparty if it complies with the criteria set out in applicable laws, regulations and circulars issued by the CSSF from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability as further set out below.

The form and nature of the collateral will primarily consist of cash and highly rated sovereign fixed income securities that meets particular ratings criteria. 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, 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 and/or core Eurozone sovereign or agency debt rated AA- or above. Acceptable tri-party collateral used in relation 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 received or posted as collateral shall also be equal to, or greater than, 102% of the amount of the repurchase, reverse repurchase or securities lending transaction. The additional collateral, above 100%, 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 a 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 Appendix B "Investment Restrictions" in (a) shares or units issued by short term money market undertakings for collective investment as defined in MMFR, (b) deposits with credit institutional 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**

To the extent permitted in the relevant Fund's investment policy, a Fund may utilise, on a temporary basis, up to 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 are selected following an initial analysis, and subsequent annual review thereafter, of financial statements, company announcements, credit ratings and other market information which includes general market movements. While there are no predetermined legal status, credit rating or geographical criteria applied in the selection of the counterparties, these elements are typically taken into account in the selection process.

When entering into securities lending transactions, a Fund must also comply with the following requirements:

(i) The borrower in a securities lending transaction must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;

(ii) A Fund may lend securities to a counterparty directly (A) itself or (B) as part of a standardised lending system organised by a recognised clearing house or by a first-class financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those provided by EU law and specialised in this type of transaction. Goldman Sachs International Bank and JPMorgan Chase Bank, N.A., London Branch, shall act as lending agents for securities lending on behalf of a Fund;

(iii) A Fund may only enter into securities lending transactions provided that it is entitled at any time under the terms of the agreement to request the return of the securities lent or to terminate the agreement;

As of the date of this Prospectus, equity securities is the only type of assets subject to securities lending transactions.

As of the date of this Prospectus, the expected proportion of a Fund's net assets that could be subject to securities lending transactions is set out in the "Fund Information, Objectives and Investment Policies" section of the relevant Fund, except where a Fund does not enter into securities lending transactions, in which case no reference is made to such transactions in the specific section of the relevant Fund.

The use of securities lending transactions for all relevant Funds will be temporary while a Fund may expect upward and downward variations. Such variations may be dependent on factors such as, but not limited to, total Fund's net assets, borrower demand to borrow stocks from the underlying market and seasonal trends in the underlying market. During periods of little or no demand from the market to borrow the underlying securities, the proportion of the Fund's net assets subject to securities lending may be 0%, while there may also be periods of higher demand, in which case this proportion may approach 50%.

Unless otherwise provided in the fact-sheet for a specific Fund, any Fund utilising securities lending transactions will use these transactions for the purpose of generating additional capital or income through the fee that is paid to the Fund by the borrower for the use of the Fund's securities throughout the duration of the loan. While the expected exposure to securities lending amounts to 5% amongst the Funds concerned, the maximum percentage of exposure corresponds to 50% as set out in the relevant securities lending agreements. For the avoidance of doubt, even if the expected exposure to securities lending transactions may vary between Funds, the objectives of the use of such transactions remain the same for all relevant Funds.

The risks related to the use of securities lending transactions and the effect on investors returns are more fully described under section "Risk Considerations".

For the avoidance of doubt, the Funds qualifying as Money Market Funds will not enter into securities lending transactions.

– **Repurchase and reverse repurchase agreement transactions**

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 and reverse repurchase agreement transactions are selected following an initial analysis, and subsequent annual review thereafter, of financial statements, company announcements, credit ratings and other market information which includes general market movements. While there are no predetermined legal status, credit rating or geographical criteria applied in the selection of the counterparties, these elements are typically taken into account in the selection process. The volume of the repurchase and reverse repurchase agreement transactions of a Fund shall be kept at a level such that the Fund is able, at all times, to meet its redemption obligations towards shareholders. Further, a Fund must ensure that, at maturity of the repurchase and reverse 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 and reverse repurchase agreement transactions will be accrued to the relevant Fund.

The following types of assets can be subject to repurchase and reverse repurchase agreement transactions: sovereign debt, securities, corporate and government bonds, non-agency residential mortgage-backed securities and commercial mortgage-backed securities, possibly other asset-backed securities.

As of the date of this Prospectus, only the Franklin U.S. Dollar Short-Term Money Market Fund may utilise repurchase and reverse repurchase agreement transactions as further described and within the limits stated in the fact-sheet for this Fund. When utilising reverse repurchase agreement transactions, the Franklin U.S. Dollar Short-Term Money Market Fund will use such transactions for the purpose of investing the cash and receiving interest income on the investment, with such investment protected by collateral that is of the highest credit quality step (AA or AAA), no longer than 5 years to maturity, and equal to at least 102% of the investment. When utilising repurchase agreement transactions, the Franklin U.S. Dollar Short-Term Money Market Fund will use such transactions for the purpose of obtaining liquidity at a low rate of interest to meet sudden redemptions, to avoid the need to sell other positions at potentially discounted prices.

If any other Fund intends to use any such transactions in the future, their fact-sheets and the present section will be amended accordingly.

The risks related to the use of, and the effect of, repurchase and reverse repurchase agreement transactions on investors returns are more fully described under section "Risk Considerations".

– **Costs and revenues of securities lending and/or repurchase and/or reverse repurchase agreement transactions**

Direct and indirect operational costs and fees arising from securities lending transactions and/or repurchase and/or reverse 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 and/or reverse repurchase 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 Management Company and/or the Depository Bank.

All revenues arising from repurchase and/or reverse repurchase agreement transactions will be returned to the relevant Fund, and the Management Company will not take any fees or costs out of those revenues additional to the investment management fee for the relevant Fund as set out under section "Investment Management Fees".

The securities lending agents, which are not related parties to the Company nor to the Management Company, receive 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.

A securities lending agent shall act as principal intermediary or an agent intermediary of the relevant lending Funds through whom the securities held in the relevant securities accounts established and maintained by the Depository on behalf of the relevant Funds shall be lent to selected borrowers against receipt of collateral, in accordance with applicable laws and as further described in the various relevant securities lending agreements entered into by at least two or more of the following entities, the securities lending agents, the borrowers, the Management Company, the Company and, as the case may be, the Depository.

(iii) Conflicts of Interest

No conflicts of interest to note. The Investment Manager of the relevant Fund does not intend to lend the securities of the Fund to its related corporations.

(iv) Collateral

Collateral received by the relevant Fund may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and circulars issued by the CSSF from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:

- (a) Any collateral received other than cash should be of high quality, highly liquid and traded on a Regulated Market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;
- (b) It should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- (c) It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- (d) It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the Fund's net asset value to any single issuer on an aggregate basis, taking into account all collateral received. By way of derogation, a Fund may be fully collateralised in different transferable securities and Money Market Instruments issued or guaranteed by a EU Member State, one or more of its local authorities, a Third Country, or a public international body to which one or more EU Member States belong. In such event, the relevant Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Fund's net asset value;
- (e) It should be capable of being fully enforced by the relevant Fund at any time without reference to or approval from the counterparty;
- (f) Where there is a title transfer, the collateral received will be held by the Depository in accordance with the Depository's safekeeping duties under the Depository Agreement. For other types of collateral arrangements, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
- (g) Collateral received shall have a quality of credit of investment grade.

Collateral will be valued on each Valuation Day, using the last available market prices and taking into account appropriate discounts determined for each asset class based on the applicable haircut policy. The Collateral will be marked to market daily and depending on the current market exposure and collateral balance, the collateral may be subject to margin movement when and if certain predetermined thresholds are crossed.

For the avoidance of doubt, the provisions of this section are also applicable to Money Market Funds provided they are not incompatible with the provisions of MMFR.

b) Buy/sell-back, sell/buy-back and margin lending transactions

As of the date of this Prospectus, no Funds are authorized to enter into buy/sell-back, sell/buy-back or margin lending transactions. If any Fund uses any such transactions in the future, the Prospectus will be amended in accordance with the SFT Regulation.

5. SPECIFIC INVESTMENT RESTRICTIONS AND PORTFOLIO RULES FOR MONEY MARKET FUNDS

Specific investment restrictions

By derogation to points 1 to 3 above, the Board of Directors has adopted the following restrictions in relation to the investments of the Funds qualifying as Short-Term Variable Money Market Funds. These restrictions and policies may be amended from time to time by the Board of Directors as they shall deem it to be in the best interest of the Company in which case this Prospectus will be updated.

- D) Each Fund may exclusively invest in the following eligible assets:
 - A) Money Market Instruments that fulfil all of the following requirements:
 - a) It falls within the following categories:
 - i) Money Market Instruments admitted to or dealt in on a Regulated Market, admitted to official listing on a stock exchange; and/or
 - ii) Money Market Instruments other than those dealt in on a Regulated Market, if the issuer or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
 - 1. issued or guaranteed by a central, regional or local authority or by a central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong; or
 - 2. issued by an undertaking, any securities of which are dealt in on Regulated Markets referred to in a) i) above; or
 - 3. issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law; or
 - 4. issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in 1 and 3 above and provided that the issuer is a company whose capital and reserves amount to at least EUR 10,000,000 and which presents and publishes its annual accounts in accordance with Directive 2013/34/EU, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
 - b) it displays one of the following alternative characteristics
 - 1. it has a legal maturity at issuance of 397 days or less;
 - 2. it has a residual maturity of 397 days or less;
 - c) the issuer of the Money Market Instrument and the quality of the Money Market Instrument have received a favourable assessment pursuant to the internal credit quality assessment procedure established by the Management Company;
This requirement shall not apply to Money Market Instruments issued or guaranteed by the EU, a central authority or central bank of an EU Member State, the European Central Bank, the European Investment Bank, the European Stability Mechanism or the European Financial Stability Facility.
 - d) where the Funds invest in a securitisation or ABCP, it is subject to the requirements laid down in B below.
 - B) 1) Eligible securitisation and ABCPs provided that the securitisation or ABCP is sufficiently liquid, has received a favourable assessment pursuant to the internal credit quality assessment procedure established by the Management Company, and is any of the following:
 - a) a securitisation referred to in Article 13 of Commission Delegated Regulation (EU) 2015/61¹²;
 - b) an ABCP issued by an ABCP programme which:
 - 1. is fully supported by a regulated credit institution that covers all liquidity, credit and material dilution risks, as well as ongoing transaction costs and ongoing programme-wide costs related to the ABCP, if necessary to guarantee the investor the full payment of any amount under the ABCP;
 - 2. is not a re-securitisation and the exposures underlying the securitisation at the level of each ABCP transaction do not include any securitisation position;
 - 3. does not include a synthetic securitisation as defined in point (11) of Article 242 of Regulation (EU) No 575/2013¹³;
 - c) a simple, transparent and standardised (STS) securitisation, as determined in accordance with the criteria and conditions laid down in Articles 20, 21 and 22 of Regulation (EU) 2017/2402 of the European Parliament and of the Council, or an STS ABCP, as determined in accordance with the criteria and conditions laid down in articles 24, 25 and 26 of that Regulation.
 - 2) The Fund may invest in the securitisations or ABCPs provided any of the following conditions is fulfilled, as applicable:
 - a) the legal maturity at issuance or residual maturity and ABCPs of the securitisations referred to in 1) a), b) and c) above is two years or less and the time remaining until the next interest rate reset date is 397 days or less;
 - b) the legal maturity at issuance or residual maturity of the securitisations or ABCPs referred to in 1) b) and c) above is 397 days or less;
 - c) the securitisations referred to in 1) a) and c) above are amortising instruments and have a Weighted Average Life of two years or less.
- C) Deposits with credit institutions provided that all of the following conditions are fulfilled:
 - a) the deposit is repayable on demand or is able to be withdrawn at any time;
 - b) the deposit matures in no more than 12 months;

¹² Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions.

¹³ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012

- c) the credit institution has its registered office in a EU Member State or, where the credit institution has its registered office in a Third Country, it is subject to prudential rules considered equivalent to those laid down in EU law in accordance with the procedure laid down in Article 107(4) of Regulation (EU) No 575/2013.
- D) Repurchase agreements provided that all the following conditions are fulfilled:
- a) It is used on a temporary basis, for no more than seven working days, only for liquidity management purposes and not for investment purposes other than as referred to in point c) below;
- b) the counterparty receiving assets transferred by the relevant Fund as collateral under the repurchase agreement is prohibited from selling, investing, pledging or otherwise transferring those assets without the prior consent of the Company;
- c) The cash received by the relevant Fund as part of the repurchase agreement is able to be:
1. placed on deposits in accordance with C) above; or
 2. invested in liquid transferable securities or Money Market Instruments other than those referred to in I) A) above provided that those assets comply with one of the following conditions:
 - (i) they are issued or guaranteed by the Union, a central authority or central bank of an EU Member State, the European Central Bank, the European Investment Bank, the European Stability Mechanism or the European Financial Stability Facility provided that a favourable assessment has been received pursuant to the internal credit rating assessment procedure established by the Management Company;
 - (ii) they are issued or guaranteed by a central authority or central bank of a non-EU Member State, provided that a favourable assessment has been received pursuant to the internal credit rating assessment procedure of the Management Company.
- Cash received by the relevant Fund as part of the repurchase agreement shall not otherwise be invested in other assets, transferred or otherwise reused.
- d) Cash received by the relevant Fund as part of the repurchase agreement does not exceed 10% of its assets.
- e) The Company has the right to terminate the agreement at any time upon giving prior notice of no more than two working days.
- E) Reverse repurchase agreements provided that all of the following conditions are fulfilled:
- a) the Fund has the right to terminate the agreement at any time upon giving prior notice of no more than two working days;
- b) the assets received by the Fund as part of a reverse repurchase agreement shall:
1. be Money Market Instruments that fulfil the requirements set out in I) A) above;
 2. not include securitisations and ABCPs;
 3. have a market value which is at all times at least equal to the cash paid out;
 4. not be sold, reinvested, pledged or otherwise transferred;
 5. be sufficiently diversified with a maximum exposure to a given issuer of 15% of the Fund's net asset value except where those assets take the form of Money Market Instruments that fulfil the requirements of III) a) (viii) below;
 6. be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- By way of derogation from (1) above, the Fund may receive as part of a reverse repurchase agreement liquid transferable securities or Money Market Instruments other than those referred to in I) A) above provided that those assets comply with one of the following conditions:
- (i) they are issued or guaranteed by the European Union, a central authority or central bank of an EU Member State, the European Central Bank, the European Investment Bank, the European Stability Mechanism or the European Financial Stability Facility provided that a favourable assessment has been received pursuant to the internal credit quality assessment procedure established by the Management Company.
 - (ii) they are issued or guaranteed by a central authority or central bank of a non-EU Member State, provided that a favourable assessment has been received pursuant to the internal credit quality assessment procedure of the Management Company;
- The assets received as part of a reverse repurchase agreement in accordance with the above shall fulfil the diversification requirements described under III) a) viii).
- c) The Company shall ensure that it is able to recall the full amount of cash at any time on either an accrued basis or a Mark-to-Market basis. When the cash is recallable at any time on a Mark-to-Market basis, the Mark-to-Market value of the reverse repurchase agreement shall be used for the calculation of the Net Asset Value per Share of the relevant Fund.
- F) Units or shares of any other short-term Money Market Fund ("targeted MMF") provided that all of the following conditions are fulfilled:
- a) no more than 10% of the assets of the targeted MMF are able, according to its fund rules or instruments of incorporation, to be invested in aggregate in units or shares of targeted MMFs;
 - b) the targeted MMF does not hold units or shares of the acquiring Fund;
 - c) the targeted MMF is authorised under the MMFR.
- G) Financial derivative instruments provided that they are dealt in on a stock exchange or a Regulated Market or OTC provided that all of the following conditions are fulfilled:
- (i) the underlying of the financial derivative instrument consist of interest rates, foreign exchange rates, currencies or indices representing one of those categories;
 - (ii) the financial derivative instrument serves only the purpose of hedging the interest rate or exchange rate risks inherent in other investments of the Fund;
 - (iii) the counterparties to OTC derivative transactions are institutions subject and belonging to the categories approved by the CSSF;
 - (iv) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative.
- II) The Fund may hold ancillary liquid assets.
- III) a) (i) The Company will invest no more than 5% of the assets of any Fund in Money Market Instruments, securitisations and ABCPs issued by the same body.

- (ii) The Company may not invest more than 10% of the assets of such Fund in deposits made with the same credit institution, unless the structure of the Luxembourg banking sector is such that there are insufficient viable credit institutions to meet that diversification requirement and it is not economically feasible for the Fund to make deposits in another EU Member State, in which case up to 15% of its assets may be deposited with the same credit institution.
- (iii) By way of derogation from III) a) i) first paragraph above, a Fund may invest up to 10% of its assets in Money Market Instruments, securitisations and ABCPs issued by the same body provided that the total value of such Money Market Instruments, securitisations and ABCPs held by the relevant Fund in each issuing body in which it invests more than 5% of its assets does not exceed 40% of the value of its assets.
The aggregate of all of a Fund's exposures to securitisations and ABCPs shall not exceed 20% of its assets, whereby up to 15% of that Fund's assets may be invested in securitisations and ABCPs that do not comply with the criteria for the identification of STS securitisations and ABCPs.
- (iv) The aggregate risk exposure to the same counterparty of a Fund stemming from OTC derivative transactions which fulfil the conditions set out in I) G) above shall not exceed 5% of the assets of the relevant Fund.
- (v) The aggregate amount of cash provided to the same counterparty of the Company acting on behalf of a Fund in reverse repurchase agreements shall not exceed 15% of the assets of that Fund.
- (vi) Notwithstanding the individual limits laid down in paragraph III) a) i), ii) and iii), the Company shall not combine, for each Fund, any of the following:
 - i) investments in Money Market Instruments, securitisations and ABCPs issued by, and/or
 - ii) deposits made with, and/or OTC financial derivative instruments giving counterparty risk exposure to a single body in excess of 15% of that Fund's assets.
- (vii) The limit of 15% laid down in III) a) vi) above would be increased to a maximum of 20% in Money Market Instruments, deposits and OTC financial derivative instruments of that single body to the extent the structure of the Luxembourg financial market would be such that there are insufficient viable financial institutions to meet that diversification requirement and it is not economically feasible for the Company to use financial institutions in other EU Member States.
- (viii) Notwithstanding the provisions outlined in III) a) i), the Company is authorised to invest up to 100% of the assets of any Fund, in accordance with the principle of risk spreading, in Money Market Instruments issued or guaranteed separately or jointly by the EU, the national, regional and local administrations of the EU Member States or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a Third Country, the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements, or any other relevant international financial institution or organisation to which one or more EU Member States belong, provided that such Fund must hold Money Market Instruments from at least six different issues by the issuer and Money Market Instruments from the same issue to a maximum of 30% of the assets of such Fund.**
- (ix) The limit laid down in the first paragraph of III) a) i) may be of a maximum of 10% for certain bonds when they are issued by a single credit institution which has its registered office in an EU Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in accordance with the law, in assets which, during the whole period of validity of the bonds, are capable of covering claims attached to the bonds and which, in case of failure of the issuer, would be used on a priority basis for the repayment of the principal and payment of accrued interest.

If a Fund invests more than 5% of its assets in the bonds referred to in the above paragraph and issued by a single issuer, the total value of such investments may not exceed 40% of the value of the assets of the Fund.

- (x) Notwithstanding the individual limits laid down in III) a) i) the Fund may invest no more than 20% of its assets in bonds issued by a single credit institution where the requirements set out in point (f) of Article 10(1) or point (c) of Article 11(1) of Delegated Regulation (EU) 2015/61 are met, including any possible investment in assets referred to in III) a) ix) above.

Where a Fund invests more than 5% of its assets in the bonds referred to in the above paragraph issued by a single issuer, the total value of those investments shall not exceed 60% of the value of the assets of the relevant Fund, including any possible investment in assets referred to in III) a) ix) above, respecting the limits set out therein.

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with Directive 2013/34/EU or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in section III) a).

- IV)
 - a) The Company may not acquire on behalf of any Fund more than 10% of Money Market Instruments, securitisations and ABCPs issued by a single body.
 - b) Paragraph a) above is waived as regards Money Market Instruments issued or guaranteed by the EU, national, regional and local administrations of the EU Member States or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a Third Country, the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements, or any other relevant international financial institution or organisation to which one or more EU Member States belong.
- V)
 - a) A Fund may acquire units or shares of targeted MMFs as defined under paragraph I) F) provided that, in principle, no more than 10% in total of a Fund's assets be invested in units or shares of targeted MMFs. A specific Fund may be allowed to invest more than 10% of its assets in units of other targeted MMFs in which case it will be explicitly mentioned in its investment policy.
 - b) A Fund may acquire units or shares of another targeted MMF provided that it represents no more than 5% of a Fund's assets.

- c) Any Fund which is allowed to derogate from the first paragraph of item V) a) above may not invest in aggregate more than 17.5% of its assets in units or shares of other targeted MMFs.
 - d) By derogation to b) and c) above, any Fund may either be a feeder Money Market Fund investing at least 85% of its assets in one other single targeted MMF UCITS in accordance with Article 58 of the Directive or invest up to 20% of its assets in other targeted MMFs with a maximum of 30% in aggregate of its assets in targeted MMFs which are not UCITS in accordance with Article 55 of the Directive, provided that the following conditions are met:
 - a. the relevant Fund is marketed solely through an employee savings scheme governed by national law and which has only natural persons as investors;
 - b. the employee savings scheme referred to above only allows investors to redeem their investment subject to restrictive redemption terms which are laid down in national law, whereby redemptions may only take place in certain circumstances that are not linked to market developments.
 - e) Where the targeted MMF is managed, whether directly or under a delegation, by the Management Company or by any other company to which the Management Company is linked by common management or control, or by a substantial direct or indirect holding, the Management Company or that other company, is prohibited from charging subscription or redemption fees.
In respect of a Fund's investments of more than 10% of its assets in the targeted MMF linked to the Company as described in the preceding paragraph, a management fee (excluding any performance fee, if any) amounting to a maximum of 2% may be charged to that portion of the assets of the relevant Fund. The Company will indicate in its annual report the total management fees charged both to the relevant Fund and to the targeted MMF in which such Fund has invested during the relevant period.
 - f) The underlying investments held by the targeted MMF in which a Fund invests do not have to be considered for the purpose of the investment restrictions set forth under III) a) above.
 - g) Notwithstanding the foregoing, a Fund may subscribe, acquire and/or hold securities to be issued or issued by one or more Fund(s) qualifying as Money Market Funds without the Company being subject to the requirements of the Law of 10 August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the condition however that:
 - 1. the targeted Money Market Fund does not, in turn, invest in the relevant Fund invested in this target Money Market Fund; and
 - 2. no more than 10% of the assets that the target Money Market Funds whose acquisition is contemplated may be invested in units of other Money Market Funds; and
 - 3. voting rights, if any, attaching to the shares of the target Money Market Fund are suspended for as long as they are held by the Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
 - 4. in any event, for as long as these securities are held by the Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by the Luxembourg Law.
- VI) In addition the Company will not:
- a) invest in assets other than those referred to under I) above;
 - b) short sale Money Market Instruments, securitisations, ABCPs and units or shares of other Money Market Funds;
 - c) take direct or indirect exposure to equity or commodities, including via derivatives, certificates representing them, indices based on them, or any other means or instrument that would give an exposure to them;
 - d) enter into securities lending agreements or securities borrowing agreements, or any other agreement that would encumber the assets of the Fund;
 - e) borrow and lend cash.
- Each Fund must ensure an adequate spread of investment risks by sufficient diversification.
- VII) The Company will in addition comply with such further restrictions as may be required by the regulatory authorities in which the Shares are marketed.
- VIII) The Company need not comply with the investment limit percentages when exercising subscription rights attached to securities which form part of its assets.

If the percentage limitations set forth in the above restrictions are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Shareholders.

Portfolio rules

Short-Term Variable Money Market Funds shall also comply on an ongoing basis with all of the following requirements:

- a. its portfolio is to have at all times a Weighted Average Maturity of no more than 60 days;
- b. its portfolio is to have at all times a Weighted Average Life of no more than 120 days, subject to the provisions of the MMFR;
- c. at least 7.5% of its assets are to be comprised of daily maturing assets, reverse repurchase agreements (if any) which can be terminated by giving prior notice of one working day, or cash which can be withdrawn by giving prior notice of one working day;
- d. at least 15% of its assets are to be comprised of weekly maturing assets, reverse repurchase agreements (if any) which can be terminated by giving prior notice of five working days, or cash which can be withdrawn by giving prior notice of five working days. For the purpose of the calculation referred to in the previous sentence, Money Market Instruments or units or shares of other Money Market Funds may be included within the weekly maturing assets to a limit of 7.5% provided they are able to be redeemed and settled within five working days.

If the abovementioned limits are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription or redemption rights, the Company shall adopt as a priority objective the correction of that situation, taking due account of the interest of its Shareholders.

6. ADDITIONAL LOCAL RESTRICTIONS

- a) If and for so long as a Fund of the Company is authorised by the Financial Sector Conduct Authority in South Africa in terms of section 65 as foreign collective investment schemes in securities, the following shall apply:
- (i) the Fund may borrow up to 10% of its Net Asset Value, but only on a temporary basis for the purpose of meeting sale requests, subject always to the borrowing limit in clause 2. e) above;
 - (ii) for Funds investing in equity or equity-related securities, 90% of such equity or equity-related securities of such Fund shall only be invested in stock exchanges having obtained full membership of the World Federation of Exchanges or stock exchanges to which the manager has applied (and which have satisfied the requirements of), amongst other things, the due diligence guidelines as determined by the registrar;
 - (iii) for Funds investing in debt instruments or other eligible instruments, 90% of such instruments held by such Fund must have a credit rating of "investment grade" by Standard & Poor's, Moody's or Fitch Ratings Limited; however, in respect of the following Funds, no investment into non-investment grade debt securities will be made:
 - Franklin Biotechnology Discovery Fund;
 - Franklin U.S. Government Fund;
 - Franklin U.S. Opportunities Fund;
 - Franklin Technology Fund;
 - Templeton Emerging Markets Fund;
 - Templeton Euroland Fund;
 - Templeton Global Fund; and
 - Templeton Global Smaller Companies Fund.
 - (iv) the Fund may hold units of other UCITS or UCIs, provided that such UCITS or UCIs have a risk profile which is not significantly riskier than the risk profile of other underlying securities which may be held by the Fund;
 - (v) derivative instruments will be used within the limits stated above. No gearing, leveraging and/or margining shall be permitted. Derivative instruments will not be used to leverage the Fund's portfolio and will be covered at all times. No uncovered positions shall be permitted;
 - (vi) the Fund shall not invest in a fund of funds or a feeder fund;
 - (vii) insofar the 10% limit set forth in paragraph 1. f) (i) is not applicable to a specific Fund, no more than 20% of such Fund's net assets may be invested in the units of a single UCITS or other UCI referred to in paragraph 1. a) (v);
 - (viii) no scrip borrowing shall be permitted; and
 - (ix) the Fund can enter into securities lending arrangements provided that such arrangements do not exceed 50% of the total market value of its portfolio.
- If and for so long as a Fund of the Company is authorised by the Financial Sector Conduct Authority in South Africa as foreign collective investment schemes in hedge funds in terms of section 65, the above listed restrictions should not apply.
- b) If and for so long as the Company is authorised by the Securities and Futures Bureau in Taiwan and in respect of any Fund registered with it, the following shall apply:
- (i) the aggregate commitments arising from the derivative instruments may not (except with the approval of the Securities and Futures Bureau), at any time, exceed 40% of the relevant Fund's net assets and 100% for hedging purpose.
 - (ii) the total amount of a Fund invested in the securities traded in the securities market in Mainland China, including bonds circulated on the China Interbank Bond Market (CIBM), will not exceed twenty percent (20%) of the then most current Net Asset Value of the Fund, unless otherwise determined by relevant regulator¹⁴.
 - (iii) the total amount of a Fund invested in Taiwan securities shall not exceed fifty percent (50%) of the Net Asset Value of the Fund, or such other percentage as the Taiwan regulator may decide.
- c) If and for so long as a Fund of the Company is authorised by the Capital Market Board in Turkey, the following shall apply:
- (i) At least 80% of the Fund's portfolio should be invested in assets other than the capital market instruments issued by the issuers resident in Turkey and in Turkish public debt instruments; and
 - (ii) The Fund's should not have more than 9% of the voting rights or of capital in any corporation.
- d) If and for so long as the Company is authorised by the Securities and Futures Commission of Hong Kong (the SFC) and in respect of any Fund authorised by it, it shall be subject to the guidelines of the SFC in respect of, among others:
- investment of more than 10% of a Fund's net assets in aggregate in China A-shares and China B-Shares;

¹⁴ As from 8 March 2023, this paragraph will be amended as follows : "the total amount of a Fund invested in the securities traded in the securities market in Mainland China, including bonds circulated on the China Interbank Bond Market (CIBM), will not exceed twenty percent (20%) of the then most current Net Asset Value of the Fund, except for the Templeton China Fund for which such total amount will not exceed forty percent (40%) of its most current Net Asset Value, unless otherwise determined by relevant regulator."

- investment of more than 10% of a Fund's 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;
 - net derivative exposure; and
 - any securities lending, repurchase, reverse repurchase agreements or other similar over-the-counter transactions.
- e) If and for so long as the Franklin NextStep Balanced Growth Fund, Franklin NextStep Dynamic Growth Fund and the Franklin NextStep Stable Growth Fund are authorised by the SFC, they shall be subject to the guidelines of the SFC in respect of, among others:
- investment of more than 10% of their net assets in aggregate in Underlying Funds that are not domiciled in Ireland, Luxembourg or the United Kingdom and are not authorised by the SFC;
 - investment of more than 10% of their net assets in non-UCITS UCIs; and
 - net derivative exposure.
- f) If and for so long as the following Funds accepts investment by The Central Provident Fund (CPF), the CPF Investment Guidelines issued by the Central Provident Fund Board of Singapore, which guidelines may be amended from time to time, shall be applicable to them:
- 1) Franklin Biotechnology Discovery Fund
 - 2) Franklin India Fund
 - 3) Franklin U.S. Opportunities Fund
 - 4) Templeton Asian Growth Fund
 - 5) Templeton China Fund
 - 6) Templeton Emerging Markets Fund
- g) If and for so long as the following Funds accepts investment by insurance undertakings subject to the provisions of the German law on the supervision of insurance undertakings (*Versicherungsaufsichtsgesetz - VAG*), the Funds will not invest in (i) debt securities that are rated below B minus by Standard & Poor's Corporation and/or Fitch Ratings Limited, or below B3 by Moody's Investors Service, Inc. (if at any time the Fund's assets are no longer compliant with this rating requirements due to downgrade, they shall be sold, at the best interest of the Investors, within 6 months' time), however, should the downgraded securities represent less than 3% of the value of the total assets, they may be tolerated by the Investment Manager provided that the interests of Investors are not impaired (if unrated, securities must be declared to be of comparable quality by the Investment Manager), (ii) asset-backed securities rated below investment grade:
- 1) Franklin Emerging Markets Debt Opportunities Hard Currency Fund
 - 2) Franklin Euro Government Bond Fund
 - 3) Franklin Euro Short Duration Bond Fund
 - 4) Franklin Global Aggregate Bond Fund
- h) To ensure eligibility for the partial tax exemption for equity funds for Investors resident in Germany, the following Funds will invest more than 50% of their assets in equity securities as defined in Section 2 para. 8 of the German Investment Tax Act:
- 1) Franklin Biotechnology Discovery Fund
 - 2) Franklin Disruptive Commerce Fund
 - 3) Franklin Genomic Advancements Fund
 - 4) Franklin Global Fundamental Strategies Fund
 - 5) Franklin Global Growth Fund
 - 6) Franklin Gold and Precious Metals Fund
 - 7) Franklin India Fund
 - 8) Franklin Innovation Fund
 - 9) Franklin Intelligent Machines Fund
 - 10) Franklin Japan Fund
 - 11) Franklin MENA Fund
 - 12) Franklin Mutual European Fund
 - 13) Franklin Mutual Global Discovery Fund
 - 14) Franklin Mutual U.S. Value Fund
 - 15) Franklin Natural Resources Fund
 - 16) Franklin Sealand China A-Shares Fund
 - 17) Franklin Technology Fund
 - 18) Franklin UK Equity Income Fund
 - 19) Franklin U.S. Opportunities Fund
 - 20) Templeton All China Equity Fund
 - 21) Templeton Asia Equity Total Return Fund
 - 22) Templeton Asian Growth Fund
 - 23) Templeton Asian Smaller Companies Fund
 - 24) Templeton BRIC Fund
 - 25) Templeton China A-Shares Fund
 - 26) Templeton China Fund
 - 27) Templeton Eastern Europe Fund
 - 28) Templeton Emerging Markets Fund
 - 29) Templeton Emerging Markets Smaller Companies Fund
 - 30) Templeton Emerging Markets Sustainability Fund
 - 31) Templeton Euroland Fund
 - 32) Templeton European Dividend Fund
 - 33) Templeton European Opportunities Fund
 - 34) Templeton European Small-Mid Cap Fund
 - 35) Templeton Frontier Markets Fund
 - 36) Templeton Global Balanced Fund
 - 37) Templeton Global Climate Change Fund

- 38) Templeton Global Equity Income Fund
- 39) Templeton Global Fund
- 40) Templeton Global Smaller Companies Fund
- 41) Templeton Growth (Euro) Fund
- 42) Templeton Latin America Fund

In case that the Funds invest into other investment funds, those investment funds may be considered as equity securities in the sense of the German Investment Tax Act to the extent of the equity ratio published by these funds on each valuation day or, alternatively, to the extent of the minimum equity ratio as per the funds' investment policy.

- i) To ensure eligibility for the partial tax exemption for balanced funds and/or multi-asset funds for Investors resident in Germany, the following Funds will invest at least 25% of their assets in equity securities as defined in Section 2 para. 8 of the German Investment Tax Act:

- 1) Franklin Diversified Balanced Fund
- 2) Franklin Diversified Dynamic Fund
- 3) Franklin Global Multi-Asset Income Fund
- 4) Templeton Emerging Markets Dynamic Income Fund
- 5) Templeton Global Income Fund

In case that the Funds invest into other investment funds, those investment funds may be considered as equity securities in the sense of the German Investment Tax Act to the extent of the equity ratio published by these funds on each valuation day or, alternatively, to the extent of the minimum equity ratio as per the funds' investment policy.

- j) 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.

- k) If and for so long as the Franklin Biotechnology Discovery Fund accepts investment by Malaysian retail feeder funds authorized by the Malaysian Securities Commission, the Franklin Biotechnology Discovery Fund will observe and comply with the requirements of the Guidelines on Unit Trust Funds, as stated below:

- All investments of the Franklin Biotechnology Discovery Fund are limited to markets or country of issuance where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commissions (IOSCO).
- The credit rating for the counterparty of OTC derivatives will be at least investment grade. In the event the rating of the counterparty falls below the minimum required, or the counterparty ceases to be rated, the investment manager should, within 6 months or sooner, takes the necessary action to ensure that the requirements are complied with.
- Where the Franklin Biotechnology Discovery Fund invests in units of UCITS and/or other UCIs linked to the Company by common management or control, there will be no cross-holding between the Franklin Biotechnology Discovery Fund and the other UCITS and/or other UCIs;
- The Franklin Biotechnology Discovery Fund will only undertake securities lending (including sale and repurchase and reverse repurchase) activities for the purpose of efficient portfolio management.
- The Franklin Biotechnology Discovery Fund's investments in other UCITS and/or other UCIs will generally comply with the above investment limits.

- l) To ensure eligibility for the partial tax exemption foreseen in Article 150-0 D, 1 ter of the French General Tax Code, as it results from the implementation of the French Finance Law for 2014, for Investors resident in France, the following Funds will invest at least 75% of their net assets in equity securities:

- 1) Franklin U.S. Opportunities Fund
- 2) Templeton European Opportunities Fund
- 3) Templeton European Small-Mid Cap Fund

- m) If and for so long as the Company is authorised by the Monetary Authority of Singapore (MAS) in Singapore and in respect of any Fund registered with it, investments in non-UCITS UCIs shall not exceed 10% of a Fund's total net assets.

- n) If and for so long as the Franklin Innovation Fund accepts investment by Brazilian feeder funds, the Franklin Innovation Fund shall maintain at least 67% of its net assets invested in equity and/or equity-related securities.

RISK MANAGEMENT

The Management Company employs a risk-management process, which enables it to monitor and measure at any time the risk of the positions of the Company and their contribution to the overall risk profile of each Fund's portfolio. The Management Company and the Investment Managers employ a process for accurate and independent assessment of the value of OTC derivative instruments.

Upon request of an investor, the Management Company will provide supplementary information relating to the quantitative limits that apply in the risk management of each Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments.

INTERNAL CREDIT QUALITY ASSESSMENT PROCEDURE

The Management Company has established, implemented and consistently applied a customised internal credit quality assessment procedure based on prudent, systematic and continuous assessment methodologies for systematically determining the credit quality of any of the Funds that qualify as money market funds in accordance with the Money Market Fund Regulation and relevant delegated acts supplementing the Money Market Fund Regulation.

An effective process has been established by the Management Company to ensure that relevant information on the issuer and instrument's characteristics are obtained and kept up-to-date.

Determination of credit risk of an issuer or guarantor is made based on an independent analysis of the issuer's or guarantor's ability to repay its debt obligations, which is performed on an ongoing basis by credit research analysts within the Money Market Research Team who may also rely upon the credit research of the wider Investment Grade Bond Research Team under the responsibility of the Management Company and who shall report to the Management Company, on a regular basis which shall be no less than annually. Portfolio management is not involved with this research, to ensure its independence. This determination includes the following elements, where applicable:

- a) Financial condition and analysis of recent financial statements;
- b) Ability to react to future market-wide and issuer- or guarantor-specific events, including the ability to repay in a highly adverse situation;
- c) Strength of the issuer or guarantor's industry within the economy and relative to economic trends and competitive position;
- d) Assessment of the issuer's liquidity profile including sources of liquidity, consideration of bank lines of credit and alternative sources of liquidity as well as an issuer's ability to repay short-term debt;
- e) For sovereign-related issuers, the strength of fiscal policy (government receipts vs. spending needs), monetary policy (the supply of money and the level and trend in interest rates), balance of payments (the strength of the country's capital account, current account and trade balance), and the size of international reserves with its resulting impact on the prospects for the currency;

In order to quantify the credit risk of an issuer or guarantor and the relative risk of default of an issuer or guarantor and of an instrument, the following quantitative criteria will be used in the credit quality assessment methodology:

- a) Trends related to cash flow, revenues, expenses, profitability, short-term and long-term debt service, including a comparison of the ratio of cash from operations to short-term debt and profitability ratios compared to industry averages;
- b) Total debt to capitalization ratio and short-term debt to capitalization ratio as compared to such ratios for similar credits;
- c) Ratio of current assets to current liabilities as compared to similar credits;
- d) For bank and finance company credits, a comparison relative to other international banks and finance companies with respect to: i) the percentage of funding from short-term debt vs. long-term debt, ii) the ratio of high-risk load to equity and reserves, and iii) loan loss reserves as a percentage of non-performing assets.
- e) For brokerage and counterparty credits, a comparison relative to other international brokers with respect to: i) the ratio of short-term debt to total funding, ii) the ratio of short-term debt to equity, iii) the ratio of total assets to equity, and iv) the ratio of liquid assets and credit lines to short-term debt;
- f) For sovereign-related credits, a comparison of indicators related to fiscal policy (budget balance as a percentage of gross domestic product ("GDP")), monetary policy (growth of the money supply and the level and trend in interest rates, the level and maturity profile of outstanding debt (including the percentage outstanding debt represents of GDP), the balance of payments (current account and trade balance as a percentage of GDP), and the level of international reserves.

Specific criteria for the qualitative assessment of the issuer or guarantor and of an instrument as designed by the Management Company shall include:

- a) The asset class or type of the instrument or security, including any operational or counterparty risk inherent within the structure of such instrument or security.
- b) Credit assessment of the issuer or guarantor of the instrument or security, including: i) macro-economic factors which might affect the issuer's or guarantor's current and future credit quality, ii) asset protection, iii) the quality of the issuer's or guarantor's account practices and management, iv) the effect of any significant ownership positions, v) the degree of financial flexibility of the issuer or guarantor to cope with unexpected challenges and to take advantage of opportunities as well as an assessment of the degree and nature of event risks, vi) the likelihood of a sudden change of credit quality from external or internal sources, including the relative risk of default, vii) for government-backed securities, whether the security is backed by the full faith and credit of the government authority or only by the credit of the agency or instrumentality issuing the security, and whether there is socio-political risk, regulatory risk, tax withholding risk, or the risk of nationalization of assets or exchange controls, and viii) for local government securities, sources of repayment, issuer demographics, the issuer's autonomy in raising taxes and revenue, the issuer's reliance on outside revenue sources, and the strength and stability of the supporting economy.
- c) The existence and depth of the secondary market for the instrument or security, as well as the period remaining until the principal amount can be recovered through demand (i.e. at maturity).
- d) External credit ratings:
 - i. The Funds qualifying as money market funds within the meaning of the Money Market Fund Regulation will seek to hold only securities rated A-1 or higher by S&P, P-1 by Moody's or a similar rating by any other internationally recognised statistical rating organization.
 - ii. If not given a short-term rating, the credit quality must be deemed equivalent to such ratings by the Management Company.
 - iii. There shall be no mechanistic over-reliance on external ratings.

The credit quality assessment methodology's qualitative and quantitative inputs shall be of a reliable nature and well-documented. The final result of the credit quality assessment methodology will be an approved list of credits (the "Approved List") available for use by the money market funds. As and when a credit is removed from the Approved List due to an unfavorable assessment of the credit, positions related to the credit will be reduced or disposed of as appropriate and as soon as practicable, given prevailing market conditions at the time. The credit quality assessment methodologies and the Approved List are reviewed at least on an annual basis by the Management Company and more often if necessary. In case there is a material change, within the meaning of the Money Market Fund Regulation, that could have an impact on the existing assessment of an instrument or that could have an impact on the credit quality methodologies, a new credit quality assessment will be performed and/or credit quality methodologies will be updated.

APPENDIX C

ADDITIONAL INFORMATION

1. The Company is an investment company with limited liability organised as a *société anonyme* under the laws of the Grand Duchy of Luxembourg and is qualified as a *société d'investissement à capital variable*. The Company was incorporated in Luxembourg on 6 November 1990, for an undetermined period. The Articles were published in the Mémorial on 2 January 1991. Amendments to the Articles were published in the Mémorial on 25 October 1994, 4 November 1996, 22 May 2000, 16 June 2004 and 25 March 2005. The Company is registered with the *Registre de Commerce et des Sociétés de et à Luxembourg*, under number B 35 177. Copies of the Articles as amended are available for inspection at the *Registre de Commerce et des Sociétés de et à Luxembourg* and the registered office of the Company and the Management Company.

2. The minimum capital of the Company is 1,250,000 euro or the equivalent in US dollars.

3. The Company may be dissolved upon decision of an extraordinary general meeting of its Shareholders. If the capital of the Company falls below two-thirds of the minimum capital, the Board of Directors must submit the question of the dissolution of the Company to a general meeting for which no quorum shall be prescribed and which shall be decided by a simple majority of the holders of Shares represented at the meeting. If the capital of the Company falls below one-fourth of the minimum capital, the Board of Directors must submit the question of the dissolution of the Company to a general meeting for which no quorum shall be prescribed; dissolution may be resolved by Shareholders holding one-fourth of the Shares at the meeting. If the Company should be liquidated, its liquidation will be carried out in accordance with the provisions of the laws of the Grand Duchy of Luxembourg which specify the steps to be taken to enable Shareholders to participate in the liquidation distribution(s) and in that connection provides for deposit in escrow at the *Caisse de Consignation* of any such amounts which have not been promptly claimed by any Shareholders. Amounts not claimed from escrow within the prescribed period would be liable to be forfeited in accordance with the provisions of the laws of the Grand Duchy of Luxembourg. Any amount transferred to the *Caisse de Consignation* is subject to a "*taxe de consignation*" and as a consequence, the initial amount might not be refunded.

4. The Board of Directors may decide to liquidate a Fund if the net assets of such Fund fall below USD 50 million or if a change in the economic or political situation relating to the Fund concerned would justify such liquidation or if it is required by the interests of the Shareholders of the Fund concerned. The decision of the liquidation will be published or notified, if appropriate, by the Company prior to the liquidation and the publication and/or notification will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board of Directors otherwise decides in the interests of, or to keep equal treatment between, the Shareholders, the Shareholders of the Fund concerned may continue to request sale or switch of their Shares. Assets which could not be distributed to their beneficiaries upon the close of the liquidation period of the Fund will be deposited with the *Caisse de Consignation* on behalf of their beneficiaries. Any amount transferred to the *Caisse de Consignation* is subject to a "*taxe de consignation*" and as a consequence, the initial amount might not be refunded.

In all other circumstances or where the Board of Directors determines that the decision should be submitted for Shareholders' approval, the decision to liquidate a Fund may be taken at a meeting of Shareholders of the Fund to be liquidated. At such Fund meeting, no quorum shall be required and the decision to liquidate will be taken by simple majority of the votes cast.

Any merger of a Fund shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for a merger to a meeting of Shareholders of the Fund concerned. No quorum is required for this meeting and decisions are taken by the simple majority of the votes cast.

In case of a merger of one or more Funds where, as a result, the Company ceases to exist, the merger shall be decided by a meeting of Shareholders for which no quorum is required and that may decide with a simple majority of the votes cast. In addition, the provisions on mergers of UCITS set forth in the Law of 17 December 2010 and any implementing regulation (relating in particular to the notification of the shareholders) shall apply.

The Board of Directors may also, under the circumstances provided above in the first paragraph of point 4., decide the reorganisation of any Fund by means of a division into two or more separate Funds. To the extent required by Luxembourg law, such decision will be published or notified, if appropriate and, in addition, the publication or notification will contain information in relation to the Funds resulting from the reorganisation.

The preceding paragraph also applies to a division of Shares of any Share Class.

In the circumstances provided above in the first paragraph, the Board of Directors may also, subject to regulatory approval (if required), decide to consolidate or split any Share Classes within a Fund. To the extent required by Luxembourg law, such decision will be published or notified and the publication and/or notification will contain information in relation to the proposed split or consolidation. The Board of Directors may also decide to submit the question of the consolidation or split of Share Class to a meeting of holders of such Share Class. No quorum is required for this meeting and decisions are taken by the simple majority of the votes cast.

5. As a matter of policy, the Management Company aims to exercise the voting rights that may be associated with the Company's various investments in transferable securities. To this extent, the Management Company has delegated the authority to vote proxies related to the portfolio securities held by the Company to the relevant Fund's Investment Manager(s) and Sub-Investment Manager(s) who may be Franklin Templeton entities or not. Proxy voting records are available free of charge and upon request at the registered office of the Company and the Management Company.

APPENDIX D

DETERMINATION OF THE NET ASSET VALUE OF SHARES

CALCULATION OF THE NET ASSET VALUE

The Net Asset Value per Share ("NAV") of each Share Class of each Fund shall be expressed in the currency of the relevant Fund or of the relevant Class as a per Share figure, and shall be determined in respect of any Valuation Day by dividing the net assets of the Company corresponding to each Share Class of each Fund, being the value of the assets of the Company corresponding to such Fund less liabilities attributable to such Fund, by the number of Shares then outstanding and shall be rounded up or down to two decimal places as the Board of Directors may decide.

VALUATION

The assets of the Company shall be deemed to include:

- (a) all cash on hand or on deposit, including any interest accrued thereon;
- (b) all bills and demand notes and accounts receivable (including proceeds of securities sold but not delivered);
- (c) all bonds, time notes, shares, stock, debenture stocks, subscription rights, warrants, options and other derivative instruments, units or shares of undertakings for collective investment and other investments and securities owned or contracted for by the Company;
- (d) all stock, dividends, cash dividends and cash distributions receivable by the Company and to the extent known by the Company (provided that the Company may make adjustments with regard to fluctuations in the market value of securities caused by trading ex-dividends, ex-rights, or by similar practices);
- (e) all interest accrued on any interest-bearing securities owned by the Company, except to the extent that the same is included or reflected in the principal amount of such security;
- (f) the formation expenses of the Company in so far as the same have not been written off; and
- (g) all other assets of every kind and nature, including prepaid expenses.

Total liabilities include:

- (a) all loans, bills and accounts payable;
- (b) all accrued or payable administrative expenses (including Management Company fees, investment management and/or advisory fees, depositary fees, and corporate agents' fees);
- (c) all known liabilities, present and future, including all matured contractual obligations for payments of money or property, including the amount of any unpaid dividends declared by the Company where the Valuation Day falls on the record date for determination of the person entitled thereto or is subsequent thereto;
- (d) an appropriate provision for future taxes based on capital and income to the Valuation Day, as determined from time to time by the Company, and other provisions, if any, authorised and approved by the Board of Directors covering among other, liquidation expenses; and
- (e) all other liabilities of the Company of whatsoever kind and nature except liabilities represented by Shares in the Company. In determining the amount of such liabilities the Company shall take into account all relevant expenses payable by the Company comprising formation expenses, fees and expenses at the accounts, fees payable to the Management Company for the performance of its various services and for those rendered by the Investment Managers and/or investment advisers, the Depositary and local Paying Agents and permanent representatives in places of registration, any other agent employed by the Company, fees for legal and auditing services, insurance premiums, printing, reporting and publishing expenses, including the cost of advertising and/or preparing and printing of the prospectuses, KIIDs, explanatory memoranda or registration statements, investment research fees, taxes or governmental or supervisory charges, all other operating expenses, including the cost of buying and selling assets, interest, bank charges and brokerage commissions, postage, telephone, telex, telefax message and facsimile (or other similar means of communication). The Company and/or the Administrative Agent, as appropriate, may calculate administrative and other expenses of a regular or recurring nature on an estimated figure for yearly or other periods in advance, and may accrue the same in equal proportions over any such period.

In valuing assets, the following rules will apply, unless otherwise provided for in the below section "Specific provisions relating to the calculation of the Net Asset Value per Share of Funds qualifying as Money Market Funds" applicable to Money Market Funds.

Foreign exchange hedging may be utilised for the benefit of Hedged Share Classes. As such, cost and related liabilities and/or benefits of such hedging activities shall be for the account of that class only. Accordingly, such costs and related liabilities and/or benefits will be reflected in the Net Asset Value per Share for shares of any such Hedged Share Class. The currency exposures of the assets of the relevant Fund will not be allocated to separate classes. Foreign exchange hedging shall not be used for speculative purposes. The periodic reports of the Company will indicate how hedging transactions have been utilised.

In determining the NAV of the Company, the Management Company and/or the Administrative Agent, values cash and receivables at their realisable amounts and records interests as accrued and dividends on the ex-dividend date. The Management Company and/or the Administrative Agent generally utilises two independent pricing services to assist in determining a current market value for each security. If market quotations are readily available for portfolio securities quoted or dealt on a stock exchange, the Management Company and/or the Administrative Agent will value those securities at their latest available price on said stock exchange (last quoted sale price or official closing

price of the day, respectively), or if there is no reported sale, within the range of the most recent bid and ask prices. Securities dealt on an organised market will be valued in a manner as near as possible to that for quoted securities.

The Management Company and/or the Administrative Agent values over-the-counter portfolio securities acquired by a specific fund in accordance with the investment restrictions set forth in Appendix B above, within the range of the most recent bid and ask prices. If portfolio securities trade both in the over-the-counter market and on a stock exchange, the Management Company and/or the Administrative Agent values them according to the broadest and most representative market as determined by the Board of Directors.

Generally, trading in corporate bonds, government securities or Money Market Instruments is substantially completed each day at various times before the close of the New York Stock Exchange. The value of these securities used in computing the NAV is determined as of such times. Occasionally, events affecting the values of these securities may occur between the times at which they are determined and the close of the New York Stock Exchange that will not be reflected in the computation of the NAV. The Management Company and/or the Administrative Agent relies on third party pricing vendors to monitor for events materially affecting the value of these securities during this period. If an event occurs the third party vendors will provide revised values to the Management Company and/or the Administrative Agent.

The value of securities not quoted or dealt on a stock exchange or an organised market and of securities which are so quoted or dealt in, but in respect of which no price quotation is available or the price quoted is not representative of the securities' fair market value shall be determined by or under the direction of the Board of Directors. Short-dated debt transferable securities and money market instruments not traded on a regulated exchange are usually valued on an amortised cost basis.

Since the Company may, in accordance with the investment restrictions set forth in Appendix B above, invest in securities that are restricted, unlisted, traded infrequently, thinly traded, or relatively illiquid, there is the possibility of a differential between the last available market prices for one or more of those securities and the latest indications of market values for those securities. The Management Company and/or the Administrative Agent has procedures to determine the fair value of individual securities and other assets for which market prices are not readily available (such as certain restricted or unlisted securities and private placements) or which may not be reliably priced (such as in the case of trade suspensions or halts, price movement limits set by certain foreign markets, and thinly traded or illiquid securities). Some methods for valuing these securities may include: fundamental analysis (earnings multiple, etc.), matrix pricing, discounts from market prices of similar securities, or discounts applied due to the nature and duration of restrictions on the disposition of the securities.

The application of fair value pricing procedures represents a good faith determination based upon specifically applied procedures. There can be no assurance that the Company could obtain the fair value assigned to a security if it were able to sell the security at approximately the time at which the Management Company and/or the Administrative Agent determines the Company's NAV per share.

Trading in securities on foreign securities stock exchanges and over-the-counter markets, such as those in Europe and Asia, may be normally completed well before the New York Stock Exchange closing time on each day that the New York Stock Exchange is open. Trading in European or Far Eastern securities generally, or in a particular country or countries, may not take place on every Valuation Day. Furthermore, trading may take place in various foreign markets on days that are not Valuation Days and on which the Fund's Net Asset Value is not calculated. Thus, the calculation of the Shares' Net Asset Value does not take place contemporaneously with the determination of the prices of many of the portfolio securities used in the calculation and, if events materially affecting the values of these foreign securities occur, the securities will be valued at fair value as determined and approved in good faith by or under the direction of the Management Company.

Specific provisions relating to the calculation of the Net Asset Value per Share of Funds qualifying as Money Market Funds

By derogation to the above provisions, in valuing assets, the following valuation principles will apply for Funds qualifying as "Money Market Funds":

- (1) Assets will be valued at Mark-to-Market or Mark-to-Model where the use of Mark-to-Market is not possible or the market data is not of sufficient quality;
- (2) The value of any cash on hand or on deposit and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid, and not yet received shall be deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined conservatively by using Mark-to-Model;
- (3) Shares or units of Money Market Funds shall be valued at their last available net asset value as reported by such Money Market Funds;
- (4) Any assets or liabilities in currencies other than the Base Currency will be converted using the relevant spot rate quoted by a bank or other recognised financial institution.

SWING PRICING ADJUSTMENT

A Fund may suffer reduction of the Net Asset Value per Share due to Investors purchasing, selling and/or switching in and out of the Fund at a price that does not reflect the dealing costs associated with this Fund's portfolio trades undertaken by the Investment Manager to accommodate cash inflows or outflows.

To counter this dilution impact and to protect Shareholders' interests, a swing pricing mechanism may be adopted by the Company as part of its valuation policy.

The Fund operates a swing pricing mechanism which is applied when the total capital activity (aggregate of inflows and outflows) at a Fund level exceeds a pre-determined threshold, as determined as a percentage of the net assets of that Fund for the Valuation Day. Funds can operate a full swing pricing mechanism where the threshold is set to zero or a partial swing pricing mechanism where the threshold is greater than zero.

Typically, such adjustment will increase the Net Asset Value per Share when there are net inflows into the Fund and decrease the Net Asset Value per Share when there are net outflows. The Net Asset Value per Share of each Share Class in a Fund will be calculated separately but any adjustment will, in percentage terms, affect the Net Asset Value per Share of each Share Class in a Fund identically. Swing pricing does not address the specific circumstances of each individual investor transaction.

The adjustments will seek to reflect the anticipated prices at which the Fund will be buying and selling assets as well as estimated transaction costs.

Investors are advised that the volatility of the Fund's Net Asset Value might not reflect the true portfolio performance as a consequence of the application of swing pricing.

The size of the adjustment impact is determined by factors such as the volume of transactions, the purchase or sale prices of the underlying investments and the valuation method adopted to calculate the value of such underlying investments of the Fund.

The swing pricing mechanism may be applied across all Funds of the Company. The extent of the price adjustment will be reset by the Company on a periodic basis to reflect an approximation of current dealing and other costs. Such adjustment may vary from Fund to Fund and under normal conditions will not exceed 2% of the original Net Asset Value per Share. The Board of Directors can approve an increase of this limit in case of exceptional circumstances, unusually large Shareholders trading activities, and if it is deemed to be in the best interest of Shareholders.

The Management Company mandates authority to the Swing Pricing Oversight Committee to implement and on a periodic basis review, the operational decisions associated with swing pricing. This committee is responsible for decisions relating to swing pricing and the ongoing approval of swing factors which form the basis of pre-determined standing instructions.

The price adjustment is available on request from the Management Company at its registered office.

On certain share classes, the Management Company may be entitled to a performance fee, where applicable, this will be based on the unswung NAV.

Additional information on swing pricing can be found at: <https://www.franklintempleton.lu/investor/resources/investor-tools/swing-pricing>.

SUSPENSION OF CALCULATION OF NET ASSET VALUE

1. The Company may suspend the determination of the Net Asset Value of the Shares of any particular Fund and the purchase and sale of the Shares and the switch of Shares from and to such Fund during:
 - (a) any period when any of the principal stock exchanges or markets of which any substantial portion of the investments of the Company attributable to such Fund from time to time are quoted is closed, or during which dealings therein are restricted or suspended; or
 - (b) the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of assets owned by the Company attributable to such Fund would be impracticable; or
 - (c) any breakdown or restriction in the means of communication normally employed in determining the price or value of any of the investments of any particular Fund or the current price or values on any stock exchange or market; or
 - (d) any period when the Company is unable to repatriate funds for the purpose of making payments due on sale of such Shares or any period when the transfer of funds involved in the realisation or acquisition of investments or payments due on sale of such Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange; or
 - (e) any period when the Net Asset Value of Shares of any Fund may not be determined accurately; or
 - (f) during any period when in the opinion of the Board of Directors there exists unusual circumstances where it would be impractical or unfair towards the Investors to continue dealing in the Shares of any Fund or circumstances where a failure to do so might result in the Investors or a Fund incurring any liability to taxation or suffering other pecuniary disadvantage or other detriment which the Investors or a Fund might not otherwise have suffered; or
 - (g) if the Company or a Fund is being or may be wound-up, on or following the date on which such decision is taken by the Board of Directors or notice is given to Shareholders of a general meeting at which a resolution to wind-up the Company or a Fund is to be proposed; or
 - (h) in the case of a merger, if the Board of Directors deems this to be justified for the protection of the Shareholders; or
 - (i) in the case of a suspension of the calculation of the net asset value of one or several underlying investment funds in which a Fund has invested a substantial portion of assets.
2. Any such suspension shall be publicised by the Company and shall be notified to Shareholders requesting purchase, sale or switching of their Shares by the Company at the time of the filing of the irrevocable written request for such purchase, sale or switch.

ALLOCATION OF ASSETS AND LIABILITIES

The Board of Directors shall establish a pool of assets for the Shares of each Fund in the following manner:

1.
 - (a) the proceeds from the issue of Shares of each Class of each Fund shall be applied in the books of the Company to the pool of assets established for that Fund, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such pool;
 - (b) where any asset is derived from another asset, such derivative asset shall be applied in the books of the Company to the same pool as the assets from which it was derived and in each revaluation of an asset, the increase or diminution in value shall be applied to the relevant pool;
 - (c) where the Company incurs a liability which relates to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability shall be allocated to the relevant pool;

- (d) in the case where any asset or liability of the Company cannot be considered as being attributable to a particular pool, such asset or liability shall be equally divided between all the pools or, as in so far as justified by the amounts, shall be allocated to the pools pro rata to the net asset value of the relevant pool;
 - (e) upon the record date for determination of the person entitled to any dividend on the Shares of each Class of any Fund, the Net Asset Value of the Shares of such Fund shall be reduced by the amount of such dividend declared.
2. If there have been created within any Fund two or several Share Classes, the allocation rules set out above apply, *mutatis mutandis*, to such Classes.
 3. For the purpose of the calculation of the Net Asset Value, the valuation and the allocation as aforesaid, Shares of the Company to be redeemed shall be treated as existing and taken into account until immediately after the close of business on the Valuation Day, and from time to time, until the price therefor has been paid, shall be deemed to be a liability of the Company; all investments, cash balances and other assets of the Company expressed in currencies other than the currency of the relevant Fund shall be valued after taking into account the market rate or rates of exchange in force at the date and time for determination of the Net Asset Value of Shares; and effect shall be given on any Valuation Day to any purchases or sales of securities contracted for by the Company on such Valuation Day, to the extent practicable.

APPENDIX E

**FRANKLIN TEMPLETON INVESTMENT FUNDS
CHARGES, FEES AND EXPENSES**

1. ENTRY CHARGE AND CDSC

Entry Charge

Share Class Overview	Classes: • A • AX	Class: • C • F • G	Class: • N	Classes: • S • EB • W** • Z**	Classes: • I • J • X • Y
Investor Category	Retail & Institutional	Retail & Institutional	Retail & Institutional	Retail & Institutional	Institutional
For Equity Funds, Balanced Funds, Alternative Funds and Multi-Asset Funds	Up to 5.75%*	See CDSC table below	Up to 3.00%	No	No
For Fixed Income Funds	Up to 5.00%	See CDSC table below	Up to 3.00%	No	No
For Money Market Funds	Up to 1.50%	See CDSC table below	Up to 3.00%	No	No

* except for the Franklin Diversified Conservative Fund which has an entry charge of up to 5.00%.

** Intermediaries or distributors selling Class W or Z Shares may apply their own selling charges, but which should not exceed 5.75%.

CDSC

The amount of the CDSC is calculated by multiplying the percentages indicated in the following chart by the Net Asset Value of the Shares when purchased, or their Net Asset Value when sold, whichever is applicable.

CDSC for Class A and Class AX Shares on qualified investments of USD 1 million or more		CDSC for Class B Shares		CDSC for Class C Shares		CDSC for Class F and G Share	
Period since purchase	Percentage	Period since purchase	Percentage	Period since purchase	Percentage	Period since purchase	Percentage
Less than 18 months	Up to 1%	Less than one year	4%	Less than 12 months	1%	Less than one year	3%
		Equal or more than 1 year but less than 2	3%			Equal or more than 1 year but less than 2	2%
Equal or more than 18 months	0%	Equal or more than 2 years but less than 3	2%	Equal or more than 12 months	0%	Equal or more than 2 years but less than 3	1%
		Equal or more than 3 years but less than 4	1%			Equal or more than 3 years	0%

		Equal or more than 4 years	0%								
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2. ANNUAL MANAGEMENT CHARGE (PER ANNUM)

As **Class X Shares** and **Class Y Shares** are, inter alia, designed to accommodate an alternative charging structure whereby the Investor is a client of Franklin Templeton and is charged an annual management charge directly by Franklin Templeton, no annual management charge will be payable in respect of Class X Shares and Class Y Shares out of the net assets of the relevant Fund.

The following annual management charge applies in respect of the Shares as indicated below:

Fund Name	Classes A, F	Class AS	Class AX	Class B	Class C	Class G	Class N	Class Z	Class I and W	Class S	Class J and EB
Franklin Biotechnology Discovery Fund	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Franklin Disruptive Commerce Fund	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	up to 2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Franklin Diversified Balanced Fund	1.25%	1.25%	1.35%	N/A	1.93%	0.95%	up to 2.05%	0.85%	0.55%	up to 0.55%	up to 0.55%
Franklin Diversified Conservative Fund	1.10%	1.20%	1.30%	N/A	1.88%	0.90%	up to 2.00%	0.80%	0.50%	up to 0.50%	up to 0.50%
Franklin Diversified Dynamic Fund	1.40%	1.30%	1.40%	N/A	1.98%	1.00%	up to 2.15%	0.90%	0.60%	up to 0.60%	up to 0.60%
Franklin Emerging Market Corporate Debt Fund	1.40%	1.30%	1.40%	N/A	1.98%	1.00%	1.90%	0.90%	0.60%	up to 0.60%	up to 0.60%
Franklin Emerging Market Sovereign Debt Hard Currency Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.90%	0.40%	up to 0.40%	up to 0.40%
Franklin Emerging Markets Debt Opportunities Hard Currency Fund	1.40%	1.30%	1.40%	N/A	1.98%	1.00%	1.90%	0.90%	0.60%	up to 0.60%	up to 0.60%
Franklin Euro Government Bond Fund	0.55%	0.75%	0.85%	N/A	1.43%	0.45%	1.10%	0.35%	0.30%	up to 0.30%	up to 0.30%
Franklin Euro High Yield Fund	1.20%	1.20%	1.30%	1.55%	1.88%	0.90%	1.80%	0.80%	0.60%	up to 0.60%	up to 0.60%
Franklin Euro Short Duration Bond Fund	0.50%	0.70%	0.80%	N/A	1.38%	0.40%	1.05%	0.30%	0.25%	up to 0.25%	up to 0.25%
Franklin European Corporate Bond Fund	0.75%	0.85%	0.95%	N/A	1.53%	0.55%	1.45%	0.45%	0.40%	up to 0.40%	up to 0.40%
Franklin European Social Leaders Bond Fund	0.55%	N/A	N/A	N/A	N/A	N/A	1.10%	N/A	0.30%	N/A	N/A
Franklin European Total Return Fund	0.70%	0.80%	0.90%	N/A	1.48%	0.50%	1.40%	0.40%	0.35%	up to 0.35%	up to 0.35%
Franklin Flexible Alpha Bond Fund	1.15%	1.15%	1.25%	N/A	1.83%	0.85%	1.75%	0.75%	0.35%	up to 0.35%	up to 0.35%
Franklin Gulf Wealth Bond Fund	1.05%	1.15%	1.25%	1.50%	1.83%	0.85%	1.75%	0.75%	0.55%	up to 0.55%	up to 0.55%
Franklin Genomic Advancements Fund	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	up to 2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Franklin Global Aggregate Bond Fund	0.95%	1.05%	1.15%	N/A	1.73%	0.75%	1.65%	0.65%	0.40%	up to 0.40%	up to 0.40%
Franklin Global Convertible Securities Fund	1.25%	1.15%	1.25%	N/A	1.83%	0.85%	2.00%	0.75%	0.60%	up to 0.60%	up to 0.60%
Franklin Global Corporate Investment Grade Bond Fund	0.95%	1.05%	1.15%	N/A	1.73%	0.75%	1.65%	0.65%	0.40%	up to 0.40%	up to 0.40%
Franklin Global Fundamental Strategies Fund	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Franklin Global Green Bond Fund	0.70%	N/A	N/A	N/A	N/A	N/A	1.40%	N/A	0.35%	up to 0.35%	N/A
Franklin Global Growth Fund	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Franklin Global Income Fund	1.35%	1.25%	1.35%	N/A	1.93%	0.95%	1.85%	0.85%	0.60%	up to 0.60%	up to 0.60%

Franklin Global Managed Income Fund	1.35%	1.25%	1.35%	N/A	1.93%	0.95%	1.85%	0.85%	0.60%	up to 0.60%	up to 0.60%
Franklin Global Multi-Asset Income Fund	1.35%	1.25%	1.35%	N/A	1.93%	0.95%	1.85%	0.85%	0.60%	up to 0.60%	up to 0.60%
Franklin Global Real Estate Fund	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Franklin Gold and Precious Metals Fund	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Franklin High Yield Fund	1.20%	1.20%	1.30%	1.55%	1.88%	0.90%	1.80%	0.80%	0.60%	up to 0.60%	up to 0.60%
Franklin Income Fund	1.35%	1.25%	1.35%	1.60%	1.93%	0.95%	1.85%	0.85%	0.60%	up to 0.60%	up to 0.60%
Franklin India Fund	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Franklin Innovation Fund	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	up to 2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Franklin Intelligent Machines Fund	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	up to 2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Franklin Japan Fund	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Franklin K2 Alternative Strategies Fund	2.55%*	2.45%*	2.55%*	N/A	3.13%*	2.15%*	3.30%*	2.05%*	1.75%*	up to 1.70%	up to 1.75%
Franklin MENA Fund	2.00%	1.90%	2.00%	2.25%	2.58%	1.60%	2.50%	1.50%	1.05%	up to 1.05%	up to 1.05%
Franklin Mutual European Fund	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Franklin Mutual Global Discovery Fund	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Franklin Mutual U.S. Value Fund	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Franklin Natural Resources Fund	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Franklin NextStep Balanced Growth Fund	1.25%	1.25%	1.35%	N/A	1.93%	0.95%	2.05%	0.85%	N/A	N/A	N/A
Franklin NextStep Conservative Fund	1.10%	1.20%	1.30%	N/A	1.88%	0.90%	2.00%	0.80%	0.60%	N/A	N/A
Franklin NextStep Dynamic Growth Fund	1.35%	1.25%	1.35%	N/A	1.93%	0.95%	2.10%	0.85%	N/A	N/A	N/A
Franklin NextStep Growth Fund	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.25%	1.00%	0.70%	N/A	N/A
Franklin NextStep Moderate Fund	1.35%	1.35%	1.45%	N/A	2.03%	1.05%	2.15%	0.95%	0.65%	N/A	N/A
Franklin NextStep Stable Growth Fund	1.10%	1.20%	1.30%	N/A	1.88%	0.90%	2.00%	0.80%	N/A	N/A	N/A
Franklin Sealand China A-Shares Fund	1.65%	1.55%	1.65%	N/A	2.23%	1.25%	2.15%	1.15%	1.00%	up to 1.00%	up to 1.00%
Franklin Strategic Income Fund	1.25%	1.15%	1.25%	1.50%	1.83%	0.85%	1.75%	0.75%	0.55%	up to 0.55%	up to 0.55%
Franklin Technology Fund	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Franklin UK Equity Income Fund	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.25%	1.00%	0.45%	up to 0.45%	up to 0.45%
Franklin U.S. Dollar Short-Term Money Market Fund	0.40%	0.70%	0.80%	0.40%	1.38%	0.40%	1.30%	0.30%	0.20%	up to 0.20%	up to 0.20%
Franklin U.S. Government Fund	0.95%	1.05%	1.15%	1.15%	1.73%	0.75%	1.65%	0.65%	0.40%	up to 0.40%	up to 0.40%
Franklin U.S. Low Duration Fund	0.95%	1.05%	1.15%	1.15%	1.73%	0.75%	1.65%	0.65%	0.40%	up to 0.40%	up to 0.40%
Franklin U.S. Opportunities Fund	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.60%	up to 0.70%
Templeton All China Equity Fund	1.65%	1.55%	1.65%	N/A	2.23%	1.25%	2.15%	1.15%	1.00%	up to 1.00%	up to 1.00%
Templeton Asia Equity Total Return Fund	1.60%	1.50%	1.60%	N/A	2.18%	1.20%	2.10%	1.10%	0.80%	up to 0.80%	up to 0.80%
Templeton Asian Bond Fund	1.05%	1.15%	1.25%	1.50%	1.83%	0.85%	1.75%	0.75%	0.55%	up to 0.55%	up to 0.55%

Templeton Asian Growth Fund	1.85%	1.75%	1.85%	2.10%	2.43%	1.45%	2.35%	1.35%	0.90%	up to 0.90%	up to 0.90%
Templeton Asian Smaller Companies Fund	1.85%	1.75%	1.85%	2.10%	2.43%	1.45%	2.35%	1.35%	0.90%	up to 0.90%	up to 0.90%
Templeton BRIC Fund	2.10%	2.00%	2.10%	2.35%	2.68%	1.70%	2.60%	1.60%	1.10%	up to 1.10%	up to 1.10%
Templeton China A-Shares Fund	1.65%	1.55%	1.65%	N/A	2.23%	1.25%	2.15%	1.15%	1.00%	up to 1.00%	up to 1.00%
Templeton China Fund	2.10%	2.00%	2.10%	2.35%	2.68%	1.70%	2.60%	1.60%	1.10%	up to 1.10%	up to 1.10%
Templeton Eastern Europe Fund	2.10%	2.00%	2.10%	2.35%	2.68%	1.70%	2.60%	1.60%	1.10%	up to 1.10%	up to 1.10%
Templeton Emerging Markets Bond Fund	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.00%	1.00%	0.70%	up to 0.70%	up to 0.70%
Templeton Emerging Markets Dynamic Income Fund	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.00%	1.00%	0.75%	up to 0.75%	up to 0.75%
Templeton Emerging Markets Fund	1.65%	1.55%	1.65%	1.90%	2.23%	1.25%	2.15%	1.15%	1.00%	up to 1.00%	up to 1.00%
Templeton Emerging Markets Local Currency Bond Fund	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.00%	1.00%	0.70%	up to 0.70%	up to 0.70%
Templeton Emerging Markets Smaller Companies Fund	2.10%	2.00%	2.10%	N/A	2.68%	1.70%	2.60%	1.60%	1.10%	up to 1.10%	up to 1.10%
Templeton Emerging Markets Sustainability Fund	1.55%	1.45%	1.55%	N/A	2.13%	1.15%	2.05%	1.05%	0.85%	up to 0.85%	up to 0.85%
Templeton Euroland Fund	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Templeton European Dividend Fund	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Templeton European Opportunities Fund	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Templeton European Small-Mid Cap Fund	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Templeton Frontier Markets Fund	2.10%	2.00%	2.10%	N/A	2.68%	1.70%	2.60%	1.60%	1.10%	up to 1.10%	up to 1.10%
Templeton Global Balanced Fund	1.30%	1.20%	1.30%	1.55%	1.88%	0.90%	1.80%	0.80%	0.60%	up to 0.60%	up to 0.60%
Templeton Global Bond (Euro) Fund	1.05%	1.15%	1.25%	N/A	1.83%	0.85%	1.75%	0.75%	0.55%	up to 0.55%	up to 0.55%
Templeton Global Bond Fund	1.05%	1.15%	1.25%	1.50%	1.83%	0.85%	1.75%	0.75%	0.55%	up to 0.55%	up to 0.55%
Templeton Global Climate Change Fund	1.50%	1.40%	1.50%	N/A	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Templeton Global Equity Income Fund	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Templeton Global Fund	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Templeton Global High Yield Fund	1.35%	1.25%	1.35%	N/A	1.93%	0.95%	1.85%	0.85%	0.60%	up to 0.60%	up to 0.60%
Templeton Global Income Fund	1.35%	1.25%	1.35%	1.60%	1.93%	0.95%	1.85%	0.85%	0.60%	up to 0.60%	up to 0.60%
Templeton Global Smaller Companies Fund	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Templeton Global Total Return Fund	1.05%	1.15%	1.25%	1.50%	1.83%	0.85%	1.75%	0.75%	0.55%	up to 0.55%	up to 0.55%
Templeton Global Total Return II Fund	1.05%	1.15%	1.25%	N/A	1.83%	0.85%	1.75%	0.75%	0.55%	up to 0.55%	up to 0.55%
Templeton Growth (Euro) Fund	1.50%	1.40%	1.50%	1.75%	2.08%	1.10%	2.25%	1.00%	0.70%	up to 0.70%	up to 0.70%
Templeton Latin America Fund	1.90%	1.80%	1.90%	2.15%	2.48%	1.50%	2.40%	1.40%	1.00%	up to 1.00%	up to 1.00%

* The following annual management charge applies in respect of the PF Shares as indicated below:

Fund Name	Class A PF	Class I PF and W PF	Class S PF	Class W PF
Franklin K2 Alternative Strategies Fund	1.80%	1.20%	up to 1.20%	1.20%

3. SERVICING CHARGES

Class B Shares

A servicing charge of **1.06%** per annum is applicable to the average Net Asset Value of Class B Shares.

Class F and G Shares

A servicing charge of **1.00%** per annum is applicable to the average Net Asset Value of Class F and G Shares.

4. PERFORMANCE FEES

The following Performance Fees apply in respect of the PF Shares as indicated below:

Fund Name	Share Currency*	Performance Fee	Benchmark*
Franklin K2 Alternative Strategies Fund	EUR	15%	Euro Short-Term Rate (ESTR)
	CHF	15%	Swiss Average Rate Overnight (SARON)
	USD	15%	Secured Overnight Financing Rate (SOFR)
	GBP	15%	Sterling Overnight Index Average (SONIA)
	JPY	15%	Tokyo Overnight Average Rate (TONAR)

* In relation to a Hedged Share Class, the applicable benchmark used for performance fee calculation

purposes shall be the representative benchmark of the currency in which the Hedged Share Class is hedged into.

5. MANAGEMENT COMPANY AND DEPOSITARY FEES

Management Company fee: in addition to the annual management charge disclosed in item 2. of this Appendix E, the Management Company will receive, for performing registrar and transfer, corporate, domiciliary and administrative functions for the Company, up to 0.20% of the Net Asset Value of the relevant Share Class, an additional amount (consisting of a fixed and variable component) per Investor Holding at the relevant Class level over each one (1) year period, and a fixed amount per year to cover part of its organisational expenses, as further described in section "Management Company Remuneration".

Depositary fee: from 0.01% to 0.14% of the Net Asset Values of the assets of the different Funds, with possible higher depositary annual fees for certain Funds, as further described in section "Other Company Charges and Expenses".

APPENDIX F

BENCHMARK DISCLOSURE

Shareholders should note that these benchmarks¹⁵ may change over time and that the Prospectus will be updated accordingly. The current list of benchmarks applicable for the Funds is available on the Internet site: www.franklintempleton.lu.

For Funds using the Value-at-Risk approach expressed in relative terms (relative VaR) to calculate their Global Exposure, the benchmarks are used as a basis for relative VaR calculation. These Funds are actively managed and are not obliged to hold any of the benchmark constituents and may invest up to 100% of their net assets outside the benchmarks.

- Franklin Diversified Balanced Fund

Benchmark: Euro Interbank Offered Rate (EURIBOR) 3-Month Index

Benchmark uses and resemblance: The Fund is actively managed. The benchmark has been selected because the target return of the Fund is to exceed the return of the benchmark. Although the Investment Manager refers to the benchmark for performance measurement purposes, the Fund is not obliged to hold any of the benchmark constituents and may indeed invest up to 100% of its net assets outside the benchmark.

- Franklin Diversified Conservative Fund

Benchmark: Euro Interbank Offered Rate (EURIBOR) 3-Month Index

Benchmark uses and resemblance: The Fund is actively managed. The benchmark has been selected because the target return of the Fund is to exceed the return of the benchmark. Although the Investment Manager refers to the benchmark for performance measurement purposes, the Fund is not obliged to hold any of the benchmark constituents and may indeed invest up to 100% of its net assets outside the benchmark.

- Franklin Diversified Dynamic Fund

Benchmark: Euro Interbank Offered Rate (EURIBOR) 3-Month Index

Benchmark uses and resemblance: The Fund is actively managed. The benchmark has been selected because the target return of the Fund is to exceed the return of the benchmark. Although the Investment Manager refers to the benchmark for performance measurement purposes, the Fund is not obliged to hold any of the benchmark constituents and may indeed invest up to 100% of its net assets outside the benchmark.

- Franklin Emerging Market Sovereign Debt Hard Currency Fund

Benchmark: J.P. Morgan Emerging Market Bond Index Global Diversified Index

Benchmark uses and resemblance: The Fund is actively managed, and the Benchmark is used as a universe to select investments. Although the Investment Manager is constrained by the Benchmark in its portfolio positioning/composition, the Fund is not obliged to hold all of the Benchmark constituents and may invest up to 20% of its net assets outside the Benchmark. The Investment Manager has complete discretion to deviate from the Benchmark's weightings.

- Franklin Flexible Alpha Bond Fund

Benchmark: FTSE 3-Month US Treasury Bill Index

Benchmark uses and resemblance: The Fund is actively managed. The benchmark has been selected because the target return of the Fund is to exceed the return of the benchmark. Although the Investment Manager refers to the benchmark for performance measurement purposes, the Fund is not obliged to hold any of the benchmark constituents and may indeed invest up to 100% of its net assets outside the benchmark.

- Franklin Global Managed Income Fund

Benchmarks:

- MSCI All Country World Index (used for volatility measurement purposes)
- 50% MSCI ACWI High Dividend Yield (EUR) + 25% Bloomberg Global Aggregate (EUR hedged) + 25% ICE BofA Global Corporate & High Yield Index (EUR hedged) (used for performance comparison purposes)

Benchmark uses and resemblance: The Fund is actively managed. The benchmarks are used solely for volatility measurement purposes and as a reference for Investors to compare against the Fund's performance. The Fund is not obliged to hold any of the benchmarks constituents and may indeed invest up to 100% of its net assets outside these benchmarks.

- Franklin Global Multi-Asset Income Fund

Benchmarks:

- MSCI All Country World Index (used for volatility measurement purposes)
- 50% Bloomberg Multiverse (Hedged in EUR) + 50% MSCI All Country World Index (used for performance comparison purposes)

Benchmark uses and resemblance: The Fund is actively managed. The benchmarks are used solely for volatility measurement purposes and as a reference for Investors to compare against the Fund's performance. The Fund is not obliged to hold any of the benchmarks constituents and may indeed invest up to 100% of its net assets outside these benchmarks.

- Franklin Global Real Estate Fund:

Benchmark: FTSE EPRA/NAREIT Developed Index

Benchmark uses and resemblance: The Fund is actively managed. Although the Fund does not intend to track the performance of the benchmark, it is referenced for comparison purposes. Given the limited investment universe within the listed Real Estate sector, most of the Fund's assets are likely to be components of the Benchmark. While the Investment Manager is unconstrained in the active management of the Fund and has absolute discretion to invest in companies not included in the Benchmark, the Fund's performance may, from time to time, present close similarities with it.

- Franklin K2 Alternative Strategies Fund:

Benchmarks:

- Secured Overnight Financing Rate (SOFR) (used for performance fee calculation purposes)
- Euro Short-Term Rate (ESTR) (used for performance fee calculation purposes)
- Swiss Average Rate Overnight (SARON) (used for performance fee calculation purposes)
- Sterling Overnight Index Average (SONIA) (used for performance fee calculation purposes)
- Tokyo Overnight Average Rate (TONAR) (used for performance fee calculation purposes)

¹⁵ Further information on the benchmarks disclosed in the present Appendix (e.g. net return vs gross return calculation methodology) can be found in the KIIDs and marketing documents of the Company available on the website: <http://www.franklintempleton.lu>.

- HFRX Global Hedge Fund Index (used for performance comparison purposes)
- ICE BofA US 3-Month Treasury Bill Index (used for performance comparison purposes)

Benchmark uses and resemblance: The Fund is actively managed. These benchmarks are neither used as a constraint on how the Fund's portfolio is to be constructed nor set as a target for the Fund's performance to beat. The Fund is not obliged to hold any of the benchmarks constituents and may indeed invest up to 100% of its net assets outside these benchmarks.

- Franklin UK Equity Income Fund

Benchmark: FTSE All-Share Index

Benchmark uses and resemblance: The Fund is actively managed. The benchmark has been selected because the objective of the Fund is to generate an income in excess of the benchmark. Though many of the Fund's equity securities are likely to be represented in the benchmark, the Investment Manager has broad discretion to deviate, even significantly, from its composition and weightings.

- Templeton Asian Smaller Companies Fund

Benchmark: MSCI AC Asia ex-Japan Small Cap Index

Benchmark uses and resemblance: The Fund is actively managed. The Fund uses a benchmark index to define small caps as the range of acceptable market caps at initial purchase and also as a reference for Investors to compare against the Funds' performance. The Fund is not obliged to hold any of the benchmark constituents and may indeed invest up to 100% of its net assets outside the benchmark.

- Templeton Emerging Markets Smaller Companies Fund

Benchmark: MSCI Emerging Markets Small Cap Index (Index)

Benchmark uses and resemblance: The Fund is actively managed. The Fund uses a benchmark index to define small caps as the range of acceptable market caps at initial purchase and also as a reference for Investors to compare against the Funds' performance. The Fund is not obliged to hold any of the benchmark constituents and may indeed invest up to 100% of its net assets outside the benchmark.

- Templeton Global Smaller Companies Fund

Benchmark: MSCI All Country World Small Cap Index

Benchmark uses and resemblance: The Fund is actively managed. The Fund uses a benchmark index to define small caps as the range of acceptable market caps at initial purchase and also as a reference for Investors to compare against the Funds' performance. The Fund is not obliged to hold any of the benchmark constituents and may indeed invest up to 100% of its net assets outside the benchmark.

With the exception of the Funds listed above, all benchmarks disclosed below are used solely as a reference for Investors to compare against the Funds' performance, and these benchmarks are neither used as a constraint on how the Funds' portfolio are to be constructed nor set as a target for the Funds' performance to beat. The Franklin Global Fundamental Strategies Fund is not managed in reference to a benchmark. All Funds are actively managed:

- Franklin Biotechnology Discovery Fund: NASDAQ Biotechnology Index
- Franklin Disruptive Commerce Fund: MSCI All Country World Index
- Franklin Emerging Market Corporate Debt Fund: ICE BofA Emerging Market Corporate Plus (USD Hedged) Index
- Franklin Emerging Markets Debt Opportunities Hard Currency Fund: JP Morgan EMBI Global Diversified B-/B3 and Higher Index
- Franklin Euro Government Bond Fund: Bloomberg Euro Government Bond Index.
- Franklin Euro High Yield Fund: ICE BofA Euro High Yield Constrained Index
- Franklin Euro Short Duration Bond Fund: Bloomberg Euro Aggregate (1-3Yr) Index.
- Franklin European Corporate Bond Fund: Bloomberg Euro-Aggregate: Corporates Index
- Franklin European Social Leaders Bond Fund : iBoxx EUR Social Bonds Investment Grade (10% Issuer Cap)
- Franklin European Total Return Fund: Bloomberg Euro Aggregate Index
- Franklin Gulf Wealth Bond Fund: FTSE MENA Broad Bond GCC Issuers Index
- Franklin Genomic Advancements Fund: MSCI All Country World Index
- Franklin Global Aggregate Bond Fund: Bloomberg Global Aggregate Index
- Franklin Global Convertible Securities Fund: Refinitiv Global Focus Convertible Index
- Franklin Global Corporate Investment Grade Bond Fund: Bloomberg Global Aggregate Credit Index
- Franklin Global Green Bond Fund: Bloomberg MSCI Global Green Bond Index
- Franklin Global Growth Fund: MSCI World Index
- Franklin Global Income Fund: Blended 50% MSCI ACWI High Dividend Yield + 20% Bloomberg Global High Yield Corporate + 30% Bloomberg Global Aggregate Index
- Franklin Gold and Precious Metals Fund: FTSE Gold Mines Index
- Franklin High Yield Fund: ICE BofA US High Yield Constrained Index
- Franklin Income Fund: Blended 50% MSCI USA High Dividend Yield Index + 25% Bloomberg High Yield Very Liquid Index + 25% Bloomberg US Aggregate Index
- Franklin India Fund: MSCI India Index
- Franklin Innovation Fund: Russell 1000 Growth Index
- Franklin Intelligent Machines Fund: MSCI All Country World Index
- Franklin Japan Fund: Tokyo Stock Price Index (TOPIX)
- Franklin MENA Fund: S&P Pan Arab Composite Large Mid Cap KSA Capped at 30%
- Franklin Mutual European Fund: MSCI Europe Value Index
- Franklin Mutual Global Discovery Fund: MSCI World Value Index
- Franklin Mutual U.S. Value Fund: Russell 1000 Value Index
- Franklin Natural Resources Fund: S&P North American Natural Resources Sector Index
- Franklin NextStep Balanced Growth Fund: Blended 30% Bloomberg Multiverse (hedged to USD) + 30% MSCI AC Asia Pacific Ex-Japan + 30% MSCI ACWI + 10% JPM GBI-EM Broad Diversified Asia Index
- Franklin NextStep Conservative Fund: Blended 75% Bloomberg Multiverse (hedged to USD) + 25% MSCI ACWI
- Franklin NextStep Dynamic Growth Fund: Blended 40% MSCI AC Asia Pacific Ex-Japan + 35% MSCI ACWI + 20% Bloomberg Multiverse (hedged to USD) + 5% JPM GBI-EM Broad Diversified Asia Index
- Franklin NextStep Growth Fund: Blended 75% MSCI ACWI + 25% Bloomberg Multiverse (hedged to USD)
- Franklin NextStep Moderate Fund: Blended 60% MSCI ACWI + 40% Bloomberg Multiverse (hedged to USD)

- Franklin NextStep Stable Growth Fund: Blended 60% Bloomberg Multiverse (hedged to USD) + 15% MSCI AC Asia Pacific Ex-Japan + 15% JPM GBI-EM Broad Diversified Asia Index + 10% MSCI ACWI.
- Franklin Sealand China A-Shares Fund: MSCI China A Onshore Index
- Franklin Strategic Income Fund: Bloomberg US Aggregate Index
- Franklin Technology Fund: MSCI World Information Technology Index
- Franklin U.S. Dollar Short-Term Money Market Fund: Bloomberg US Treasury 1-3 Month Index
- Franklin U.S. Government Fund: Bloomberg US Government - Intermediate Index
- Franklin U.S. Low Duration Fund: Bloomberg US Government & Credit (1-3 Y) Index
- Franklin U.S. Opportunities Fund: The Russell 3000 Growth Index is considered the Fund's primary benchmark because it consists of growth securities, which is aligned with the investment manager's focus on growth securities. The performance of the S&P 500 Index is provided because it is considered a proxy for the US equity market.
- Templeton All China Equity Fund: MSCI China All Shares 10/40 Index
- Templeton Asia Equity Total Return Fund: MSCI AC Asia ex-Japan Index
- Templeton Asian Bond Fund: JPM GBI-EM Broad Diversified Asia Index
- Templeton Asian Growth Fund: MSCI All Country Asia ex-Japan 10/40 Index
- Templeton BRIC Fund: MSCI BRIC Index
- Templeton China A-Shares Fund: MSCI China A Onshore Index
- Templeton China Fund: MSCI China 10/40 Index
- Templeton Eastern Europe Fund: MSCI EM Europe Index
- Templeton Emerging Markets Bond Fund: JP Morgan EMBI Global Index
- Templeton Emerging Markets Dynamic Income Fund: Blended 50% MSCI Emerging Markets + 50% JP Morgan GBI-EM Global Diversified Index
- Templeton Emerging Markets Fund: MSCI Emerging Markets Index
- Templeton Emerging Markets Local Currency Bond Fund: JP Morgan GBI-EM Global Diversified Index
- Templeton Emerging Markets Sustainability Fund: MSCI Emerging Markets index.
- Templeton Euroland Fund: MSCI EMU Index
- Templeton European Dividend Fund: MSCI Europe Index
- Templeton European Opportunities Fund: MSCI Europe Index
- Templeton European Small-Mid Cap Fund: MSCI Europe Small-Mid Cap Index
- Templeton Frontier Markets Fund: MSCI Frontier Emerging Markets Select Countries Capped Index
- Templeton Global Balanced Fund: Custom 65% MSCI ACWI + 35% JP Morgan Global Government Bond Index
- Templeton Global Bond (Euro) Fund: JP Morgan Global Government Bond (Hedged into EUR) Index.
- Templeton Global Bond Fund: JP Morgan Global Government Bond Index.
- Templeton Global Climate Change Fund: MSCI All Country World Index
- Templeton Global Equity Income Fund: MSCI All Country World Index
- Templeton Global Fund: MSCI All Country World Index
- Templeton Global High Yield Fund: Custom 50% JP Morgan Global High Yield + 50% JP Morgan EMBI Global Index
- Templeton Global Income Fund: Blended 50% MSCI All Country World Index + 50% Bloomberg Multiverse Index
- Templeton Global Total Return Fund: Bloomberg Multiverse Index
- Templeton Global Total Return II Fund: Bloomberg Multiverse Index
- Templeton Growth (Euro) Fund: MSCI All Country World Index
- Templeton Latin America Fund: MSCI EM Latin America Index

APPENDIX G

Franklin Biotechnology Discovery Fund

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds – Franklin Biotechnology Discovery Fund (the "Fund")

Legal entity identifier: 5493008KHPRSWVVRJG60

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?



Yes



No

It will make a minimum of **sustainable investments with an environmental objective**: ___%

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: ___%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The environment and/or social characteristics promoted by the Fund are specific to each company and industry in which the Fund operates. These characteristics consist of *inter alia*, drug affordability and pricing, diversity and inclusion, employee satisfaction/well-being and/or environmental impact (e.g., reduction of GHG emissions). The Investment Manager seeks to attain these characteristics by excluding certain issuers and sectors considered by the Investment Manager as harmful for the society while favoring issuers with a good environmental, social and governance (the "ESG") profile, as captured by its proprietary ESG methodology. Both the excluded issuers and sectors and the ESG rating methodology are further described in section "What investment strategy does this financial product follow?" below.

No reference benchmark has been designated to attain the environmental and/or social characteristics promoted.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- the share of companies rated AAA, AA, A and B by proprietary ESG methodology; and
- the share of companies having exposure to, or tying with excluded sectors and additional exclusions further described in the investment strategy section of this annex.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

Not applicable.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

✘ Yes,

The Fund specifically considers the following principal adverse impacts (the "PAIs"):

- **Scope 1 and Scope 2 greenhouse gas emissions;**
- **Scope 1+2 and material Scope 3 greenhouse gas emissions intensity;** and
- **Board gender diversity.**

The consideration of the specified PAIs is tied to the Fund's fundamental investment analysis as well as the Fund's ESG assessment of investee companies. The Investment Manager believes that these PAIs are applicable to the widest range of the Fund's investments and represent the largest opportunity set for engagement.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

With regards to **greenhouse gas emissions**, the Investment Manager is committed to engage with the investee companies to ensure they are establishing and committing to greenhouse gas emissions reductions plans, that are in accord with science based long term goals of net-zero emissions by 2050, in line with Net Zero Asset Managers Initiative (the "NZAMI") commitments. The Investment Manager works with companies to move them up to the scale of committing to align with net zero targets, aligning their emissions with net zero, being aligned to achieve net zero, and reaching net zero emissions. While the Investment Manager understands that, in the short-term, absolute emissions may increase for some companies as they work on transition plans, therefore, the consideration of greenhouse gas emission intensity helps the Investment Manager to monitor that overall companies' greenhouse gas emissions are trending in a direction aligned with greenhouse gas emissions reductions over time.

With regards to **board gender diversity**, the Investment Manager is committed to engage with the investee companies to ensure their boards are representative of the customers they serve as the Investment Manager believes this helps them to better understand their consumer base, create better products, and ultimately be more efficient companies. Initially, the Investment Manager works to identify companies that do not have board gender diversity and set time-based thresholds for drafting a plan to increase board gender diversity. The Investment Manager believes it is reasonable to increase the acceptable level of board gender diversity over time and to engage with companies that are laggards relative to their industry peers.

For the above PAIs, the Investment Manager initially baselines the portfolio and investee companies and looks to drive improvement on both fronts over time through engagement. As part of its NZAMI commitments, the Fund is engaging with investee companies to set and follow science-based emissions reductions targets and is seeking to follow a portfolio coverage approach, with increasing weight in companies that have achieved net zero greenhouse gas emissions, are aligned with net zero or are aligning. The goal for the portfolio is to achieve 100% in these categories by 2040. For board gender diversity, the Fund's initial commitment is to engage with all companies that lack any gender diversity with an expectation for them to develop at minimum a plan to increase board gender diversity within 18 months. The Investment Manager intends to increase the expectations of board gender diversity over time. Consequences of a lack of improvement on these measures for investee companies eventually include divestment if the Investment Manager does not see a path for improvement.

Finally, the Fund is committed to excluding investments in companies that produce **controversial weapons** or who fail to comply with the **United Nations Global Compact Principles** (the "UNGC Principles") without positive outlook for remediation.

More information on how the Fund considered its PAIs may be found in the periodic reporting of the Fund.

No



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager employs a binding proprietary ESG methodology to determine a company's profile on relevant ESG issues.

The Investment Manager evaluates the companies which may be potential investment for the Fund and assigns an overall ESG rating based on quantitative and qualitative factors such as drug affordability/price, gender diversity and inclusion, employee satisfaction as well as environmental impact/greenhouse gases emissions. The rating assigned to the issuers by the Investment Manager based on a proprietary ESG methodology and comprises four grades: AAA (best in class/very good), AA (good), A (fair) and B (needs improvement). The Investment Manager's ESG approach includes regular dialogue with investee companies, monitoring material ESG issues and voting proxies. Companies rated "B" or those not rated due to the company not meeting the Investment Manager's fundamental criteria are excluded from the Fund's portfolio.

The Fund also applies specific ESG exclusions and does not invest in companies which according to the Investment Manager's analysis:

- Seriously violate the UNGC Principles (without positive perspective). For that purpose, the Fund does not invest in companies which the Investment Manager assesses as fail under the UNGC Principles;
- Generate more than 10% of revenue from the production and/or distribution of weapons;
- Are involved in the production, distribution or wholesale trading of dedicated and/or key components of banned weapons (i.e., antipersonnel mines, biological & chemical weaponry and cluster munitions);
- Manufacture tobacco or tobacco products or those that derive more than 5% of their revenue from such products
- Generate more than 10% of their revenue from thermal coal extraction or coal-based power generation.

Furthermore, the Fund does not invest in sovereign issuers which have inadequate scoring according to the Freedom House Index.

Finally, the Fund excludes from its portfolio companies that fail to improve on the integrated PAIs described above after engagement. Companies could be removed from the exclusion list after they show improvement on the relevant PAIs.

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy can be summarized as follows:

1. the exclusion of certain sectors and companies described in the investment strategy section of this annex (see above);
2. the exclusion of companies rated B under proprietary methodology; and
3. the commitment to exclude companies failing to improve on the PAIs considered after engagement.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Not applicable.

● **What is the policy to assess good governance practices of the investee companies?**

Governance is assessed regularly as part of the Fund's fundamental analysis.

To score corporate governance, the Investment Manager uses a combination of quantitative metrics (such as compensation details, diversity and inclusion metrics, controversy metrics) and qualitative assessments (board independence, board composition, existence of dual class shares).

The Investment Manager further incorporates other qualitative factors such as capital allocation, research and development success, crisis management, acquisition history and communication with investors.

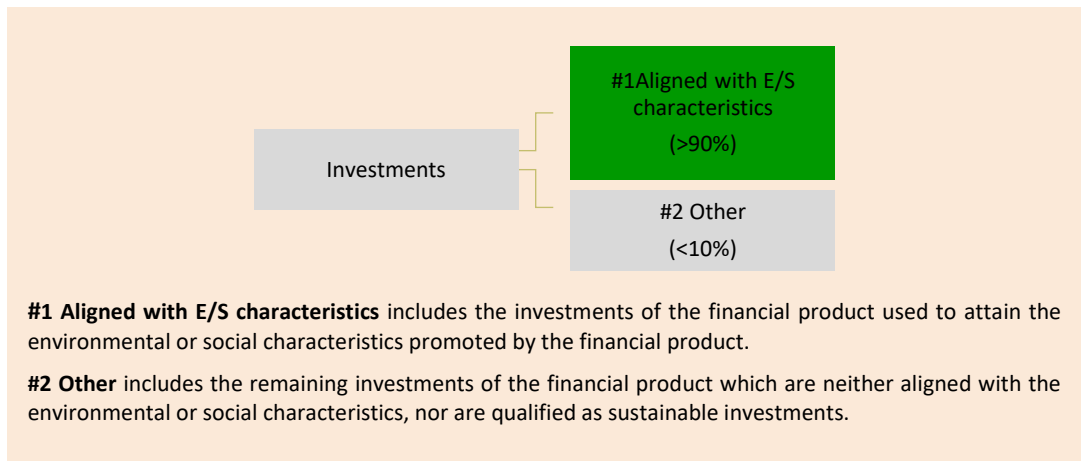
Certain governance related controversies (e.g., concerns regarding executive compensation or perceived lack of independence of board directors) could result in a company being un-investable by our standards despite strong fundamentals or other metrics.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation planned for this financial product?

The Investment Manager employs a binding proprietary ESG methodology which is applied to at least 90% of the Fund's portfolio to determine a company's profile on relevant ESG issues. At least 90% of the Fund's portfolio is aligned with environmental and/or social characteristics promoted by the Fund., the remaining portion of it (<10%), mainly consisting of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) is not aligned with the promoted characteristics.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

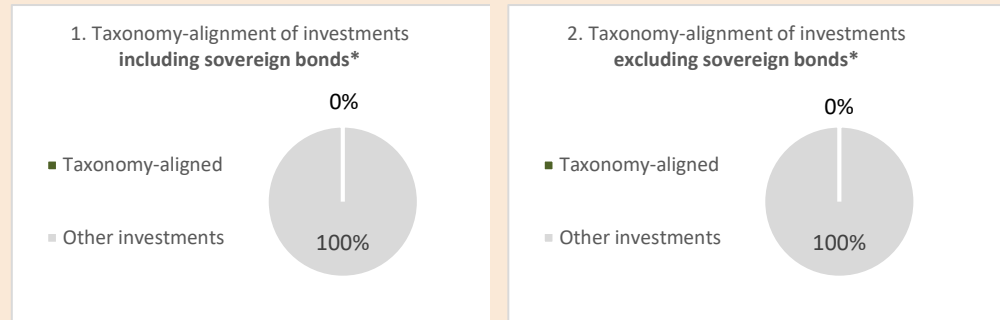
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

What is the minimum share of investments in transitional and enabling activities?

Not applicable

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" investments, constituting up to 10% of the portfolio, may include investments in liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund or investments for which there is insufficient data for them to be considered ESG-related investment. Due to the neutral nature of the asset, no minimum safeguards have been put in place.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/4912/Z/franklin-biotechnology-discovery-fund/LU0109394709#overview>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/4912

Franklin Euro Government Bond Fund

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds - Franklin Euro Government Bond Fund (the "Fund")

Legal entity identifier: OYX4QFLYLSHIYAKFZJ30

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> Yes	<input type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 11% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with a social objective <input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

The environmental and/or social characteristics promoted by the Fund consist *inter alia* in reduction of greenhouse gasses emissions and good labour relation. The Investment Manager seeks to attain these characteristics by

- avoiding investments in issuers that are lagging in the transition to a low carbon economy ; and
- implementing negative screens as part of its investment process, as further detailed in section "What investment strategy does this financial product follow?" below, while committing to have an environmental, social and governance (the "ESG") score at Fund level higher than the ESG score of the investment universe.

The Fund's investment universe is constituted of all government, supranational and government-related issuers worldwide which have active bonds issued in Euro.

Moreover, the Fund has a minimum allocation of 10% of its portfolio to sustainable investments in economic activities that contribute to environmental objectives and a minimum allocation of 1% of its portfolio to sustainable investments in economic activities that contribute to social objectives.

The Fund does not use a reference benchmark to which it aligns the environmental and/or social characteristics that the Fund promotes.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- percentage of investments in green bonds;
- percentage of investments in social bonds;
- percentage of investments in sustainability bonds;
- percentage of investments in bonds issued by best-in-class issuers (the "Environmental Champions");
- the ESG score of the portfolio and investment universe;
- the percentage of investment in issuers having exposure to, or tying with excluded sectors and additional exclusions further described in the investment strategy section of this annex;
- exposure to the principal adverse impacts (the "PAIs") indicators compared to the benchmark Bloomberg Barclays Euro Government Bond Index; and
- the list of issuers, with which the Investment Manager engages.

For the purpose of calculating the sustainability indicators above:

- Environmental Champions are defined as sovereign issuers ranked within the top 20% of their peer group, based on environmental factors including, but not limited to, greenhouse gas emissions, energy intensity, protection of biodiversity, air pollution and renewable energy mix.
- A Fund-level weighted average of each of the two mandatory PAIs indicators for sovereign issuers (greenhouse gas intensity and social violations) is calculated every quarter for both the Fund and its benchmark.

While the Fund is not committing to have a Fund level PAIs average better than its benchmark's average, the difference between those two metrics informs how successful the Fund is in investing into Environmental Champions as well as issuers of green bonds.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The objective of the sustainable investments is, amongst others, to fund and promote either:

- the efficient use of energy, raw materials, water, and land;
- the production of renewable energy;
- the reduction of waste, and greenhouse gas emissions, and lower impact of economic activities on biodiversity;
- the development of a circular economy;
- tackling inequalities and fostering social cohesion;
- social integration;
- good labour relations; or
- investments in human capital, including disadvantaged communities.

The Fund's sustainable investments include a minimum allocation of 10% of its portfolio to sustainable investments in economic activities that contribute to environmental objectives.

This is achieved by investing in bonds labelled as being green or in any other securities whose:

- proceeds are used on eligible environmental projects;
- framework adheres to international standards (including but not limited to, the International Capital Market Association (the "ICMA") Green Bond Principles, future European Union Green Bond Standard (the "EU GBS")); and
- issuers do not significantly harm other environmental and social objectives while demonstrating good governance practices.

The use of proceeds for these bonds is clearly defined and aligned with the objectives above.

Additionally, the Fund commits to include a minimum allocation of 1% of its portfolio to sustainable social activities. This is achieved by investing in bonds labelled as being social or in any other securities, whose:

- proceeds are used on eligible social projects;
- framework adheres to international standards (including but not limited to, ICMA Social Bond Principles); and
- issuers do not significantly harm other environmental and social objectives while demonstrating good governance practices.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The Investment Manager uses proprietary data tools and qualitative research to ensure alignment with the Do No Significant Harm (the "DNSH") principles across the portfolio.

All issuers are monitored using the Principle Adverse Impact Risk App (the "PAI Risk App"). The PAI Risk App uses data from a third-party provider to identify issuers involved in harmful economic activities and/or controversies and exclude such issuers from the investment universe.

A second proprietary tool, the Energy and Environmental Transition Index (the "EETI"), ranks the remaining sovereign issuers in the universe according to their environmental performance including greenhouse gas emissions and intensity. Sovereign issuers falling within the bottom 20% of their peer groups based on EETI are excluded from the investment universe.

Additionally, sovereign issuers are subjected to tests based on their political liberties and/or corruption.

When deploying funds to sustainable investments, especially the 11% of the portfolio of the Fund committed towards environmental and/or social objectives, the Investment Manager applies additional qualitative assessment (based on internal research or external third-party opinion) of the issuer's and of the project's DNSH eligibility.

How have the indicators for adverse impacts on sustainability factors been taken into account?

When assessing compliance of the Fund's investments with the Do No Significant Harm principles, the Investment Manager takes into account all mandatory PAI indicators of Table 1 of Annex I of the SFDR Regulatory Technical Standards ("RTS"), to the extent they are relevant for the investments contemplated by the Fund and other data points deemed by the Investment Manager as proxies for adverse impact. The Investment Manager performs this analysis at the level of each sustainable investment so that the relevance and materiality of the PAI indicators may vary across investments. Issuers deemed to be in breach of these indicators will not qualify as sustainable investments.

While assessing eligible green and social bonds, the Investment Manager reviews and documents the materiality of both PAIs for the project and how the project's implementation affects the issuer's overall PAIs outlook.

For example, while investing in a green bond whose use of proceeds targets the roll out of renewable energy sources, the Investment Manager ascertains that financed projects have a positive impact on greenhouse gas intensity of a national economy.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The sustainable investments in the Fund's portfolio are solely bonds issued by sovereign countries and the Organisation for Economic Cooperation and Development (the "OECD") Guidelines for Multination Enterprises and the United Nations Guiding Principles on Business and Human Rights are not applicable to such investments.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

PAIs indicators are considered for the purpose of:

- **identifying best-in-class issuers;**
- **restricting the Fund's investable universe; and**
- **guiding thematic engagement.**

Identifying best-in-class issuers

The Fund seeks exposure to in bonds issued by governments, government-related, and supranational issuers deemed by the Investment Manager to be **Environmental Champions**.

Environmental Champions are identified using a proprietary ESG ranking. The Energy and Environmental Transition Index (the "EETI") ranks sovereign issuers using various data points that include energy efficiency, natural capital conservation, renewable energy performance, using various data points, including greenhouse gas emissions normalized by gross domestic product (CO2e/GDP).

Restricting the Fund's investable universe

Sovereign issuers falling within the bottom 20% of the investment universe based on the EETI are **excluded** from the Fund's portfolio.

Guiding thematic engagement

The Investment Manager commits to **engage** with 5% of holdings which are considered as underperformers in terms of their aggregate exposure to applicable mandatory PAIs metrics.

More information on how the Fund considered its PAIs may be found in the periodic reporting of the Fund.

No



What investment strategy does this financial product follow?

The Fund employs a proprietary ESG rating methodology with the aim to avoid investment in issuers that are lagging in the transition to support a low-carbon economy. The ESG rating methodology is applied to at least 90% of the issuers present in Fund's portfolio and is binding for the portfolio construction.

In relation to government bond issuers, quasi-government issuers and government agencies, the Fund uses a combination of data inputs to determine climate transition performance (i.e. the extent to which an issuer is responding to the threat of climate change, for example by engaging in a combination of decarbonisation of products and services, establishing low or no emissions infrastructure, and reducing or eliminating reliance on fossil fuels, including revenue generated from fossil fuels), including but not limited to direct emissions trajectory relative to peers, low carbon transition status, management of climate related risks, overall environmental score, energy resource management, management of environmental externalities and energy security risk.

The Investment Manager uses these inputs to determine the climate transition performance for each issuer, and the Fund is prohibited from investing in those issuers that are seen to be the poorest performers in terms of this metric. This is a binding constraint, implemented using compliance restrictions on the issuers that are seen as laggards, as well as an ongoing process that includes a quarterly assessment for any changes in status. As a result, the Fund excludes from its portfolio issuers that score in the bottom 20% of its investable universe.

In addition to the above, the Fund applies specific ESG exclusions. Across the entire portfolio, the Fund does not invest in issuers that:

- have "Not Free" status according to the Freedom House Index for sovereign issuers; and
- score an ESG rating of CCC according to MSCI.

As a result of the aforementioned ESG methodology and exclusions, the weighted average base ESG score of the Fund's portfolio is higher than the average base ESG score of the investment universe (based on independent ESG ranking system provided by MSCI). ESG scores for each country in the portfolio are reviewed and updated at least annually.

If a security held by the Fund falls under at least one of the above exclusions, the Investment Manager divests from such security as soon as practicable and at the latest within a period of six months.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy can be summarized as follows:

- the exclusion of the bottom 20% of the investment universe from the portfolio based on the EETI;
- the commitment to engage with the 5% of holdings which are considered as underperformers in terms of their PAIs metrics;
- the application of the ESG exclusions as further described in the Fund's investment strategy; and
- the commitment to have an ESG score at Fund level higher than the ESG score of the investment universe.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund excludes from its portfolio issuers that score in the bottom 20% of its investment universe, based on EETI.

● **What is the policy to assess good governance practices of the investee companies?**

Assessment of good governance is achieved on both quantitative and qualitative levels.

For the quantitative assessment of sovereign issuers, it is believed that an issuer with poor governance is determined using proxy data points included into PAIs Risk App.

For the qualitative assessment of sovereign issuers, the Investment Manager investigates factors such as political liberties, rule of law, government effectiveness, among others.

Issuers not passing PAIs Risk App initial test and/or with qualitatively assessed governance deficiencies are deemed un-investible.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

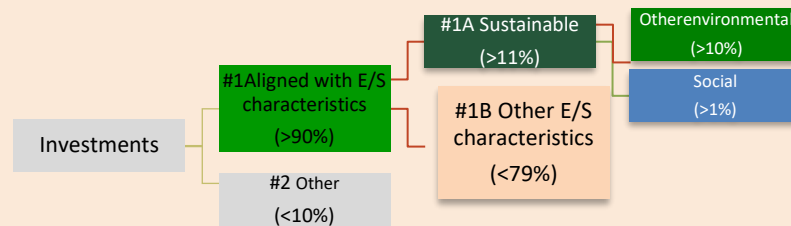


What is the asset allocation planned for this financial product?

At least 90% of the Fund's portfolio is aligned with environmental and/or social characteristics promoted by the Fund. The remaining portion (<10%) of the portfolio is not aligned with the promoted characteristics and consists of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds).

Out of the Fund's portfolio segment which is aligned with the promoted environmental and/or social characteristics, the Fund undertakes a further commitment to invest a minimum of 11% of its portfolio to sustainable investments, with the portion of investments aligned with environmental and/or social characteristics.

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies..

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

For asset-based derivatives, the Investment Manager subjects the assets to all relevant ESG screenings. The ESG screenings depend on the nature of the asset.

If the Investment Manager is not in position to determine the ESG quality of the underlying asset because of its nature (e.g., currency forwards for hedging purposes), the Investment Manager assesses the ESG credentials of a derivative contract counterparty. If a counterparty is a subsidiary without separate ESG reporting scheme, the ESG characteristics of a parent company apply. The Fund does not engage in derivatives with financial institutions which are not meeting the Investment Manager's ESG criteria. To qualify as eligible counterparty, a financial institution must meet at least two of the following criteria:

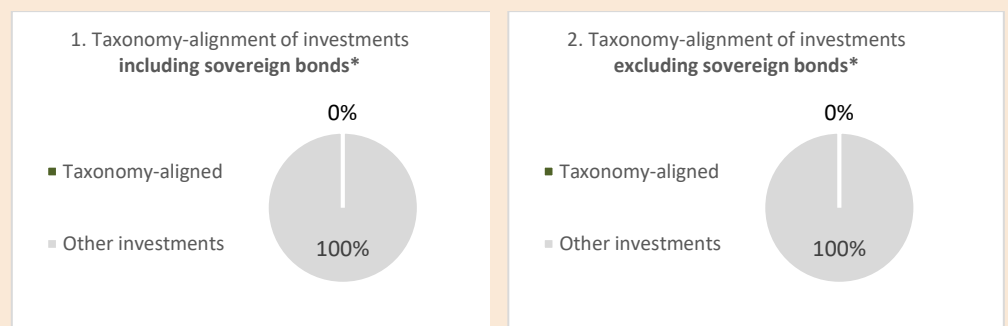
- MSCI ESG rating of BBB or above – or in absence of MSCI rating, being above industry average rating as judged by alternative third party ESG data providers;
- signatory to the Equator Principles;
- signatory to Task Force on Climate-Related Financial Disclosures; and
- is committed to set a Science Based Target initiative (the "SBTi") target.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund commits to having a minimum share of 10% of sustainable investments with an environmental objective aligned with SFDR in its portfolio. The Investment Manager is not currently in a position to specify the exact proportion of the Fund's underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position is kept under review as the underlying rules are finalized and the availability of reliable data increases over time.



What is the minimum share of socially sustainable investments?

The minimum share of sustainable investments with a social objective is 1% of the Fund's portfolio.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" investments include liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund.

No minimum environmental and/or social safeguards have been put in place.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/2212/A/franklin-euro-government-bond-fund/LU0093669546>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/2212

Franklin Euro High Yield Fund

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds - Franklin Euro High Yield Fund (the "Fund")

Legal entity identifier: A3OFOMMYV8PYF37HFY49

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective: ___%**

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective: ___%**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of **6%** of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The environmental and/or social characteristics promoted by the Fund vary by the composition of the portfolio and *inter alia* include reduction of greenhouse gasses emissions, energy conservation, biodiversity protection, responsible solid and water waste management, alignment with the international business conduct principles and/or board gender diversity. The Investment Manager seeks to attain these characteristics by:

- implementing negative screens as part of its investment process, as further detailed in section "What investment strategy does this financial product follow?" below, while committing to have an environmental, social and governance (the "ESG") score at Fund level higher than the ESG score of the investment universe.

The Fund's investment universe is constituted of corporate and government-related issuers worldwide, which have active bonds issued in Euro, US Dollar, and British Pound.

Moreover, the Fund has a minimum allocation of 5% of its portfolio to sustainable investments in economic activities that contribute to environmental objectives and a minimum allocation of 1% of its portfolio to sustainable investments in economic activities that contribute to social objectives.

The Fund does not use a reference benchmark to which it aligns the environmental and/or social characteristics that the Fund promotes.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- percentage of investments in green bonds;
- percentage of investments in social bonds;
- percentage of investments in sustainability bonds;
- percentage of investments in bonds issued by best-in-class issuers (the "Environmental Champions");
- the ESG score of the portfolio and investment universe;
- the percentage of investment in issuers having exposure to, or tying with excluded sectors and additional exclusions further described in the investment strategy section of this annex;
- exposure to the principle adverse impacts (the "PAIs") indicators compared to the benchmark ICE BofA Euro High Yield Constrained; and
- the list of issuers, with which the Investment Managers engage.

For the purpose of calculating the sustainability indicators above:

- Environmental Champions are defined as corporate issuers ranked within the top 20% of their peer industry group, based on the greenhouse gas intensity.
- A Fund-level weighted average of each of all the mandatory PAIs indicators under consideration is calculated every quarter for both the Fund and its benchmark.

While the Fund is not committing to have a Fund level PAIs average better than its benchmark's average, the difference between those two metrics informs how successful the Fund is in investing into Environmental Champions as well as issuers of green bonds.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The objective of the sustainable investments is, amongst others, to fund and promote either:

- the efficient use of energy, raw materials, water, and land;
- the production of renewable energy;
- the reduction of waste, and greenhouse gas emissions, and lower impact of economic activities on biodiversity;
- the development of a circular economy;
- tackling inequalities and fostering social cohesion;
- social integration;
- good labour relations; or
- investments in human capital, including disadvantaged communities.

The Fund's sustainable investments include a minimum allocation of 5% of its portfolio to sustainable investments in economic activities that contribute to environmental objectives.

This is achieved by investing in bonds labelled as being green or in any other securities whose:

- proceeds are used on eligible environmental projects;
- framework adheres to international standards (including but not limited to, the International Capital Market Association (the "ICMA") Green Bond Principles, future European Union Green Bond Standard (the "EU GBS")); and
- issuers do not significantly harm other environmental and social objectives while demonstrating good governance practices.

The use of proceeds for these bonds is clearly defined and aligned with the objectives above.

Additionally, the Fund commits to include a minimum allocation of 1% of its portfolio to sustainable social activities. This is achieved by investing in bonds labelled as being social or in any other securities, whose:

- proceeds are used on eligible social projects;
- framework adheres to international standards (including but not limited to, ICMA Social Bond Principles); and
- issuers do not significantly harm other environmental and social objectives while demonstrating good governance practices.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The Investment Managers use proprietary data tools and qualitative research to ensure alignment with the Do No Significant Harm (the "DNSH") principles across the portfolio.

All issuers are monitored using the Principle Adverse Impact Risk App (the "PAI Risk App"). The PAI Risk App uses data from a third-party provider to identify issuers involved in harmful economic activities and/or controversies and exclude such issuer from the investment universe.

When deploying funds to sustainable investments, especially the 6% of portfolio of the Fund committed towards environmental and social objectives, the Investment Managers apply additional qualitative assessment (based on internal research or on external third-party opinion) of the issuer's and of the projects' DNSH eligibility.

How have the indicators for adverse impacts on sustainability factors been taken into account?

When assessing compliance of the Fund's investments with the Do No Significant Harm principles, the Investment Manager takes into account all mandatory PAI indicators of Table 1 of Annex I of the SFDR Regulatory Technical Standards ("RTS"), to the extent they are relevant for the investments contemplated by the Fund and other data points deemed by the Investment Manager as proxies for adverse impact. The Investment Manager performs this analysis at the level of each sustainable investment so that the relevance and materiality of the PAI indicators may vary across investments. Issuers deemed to be in breach of these indicators will not qualify as sustainable investments.

While assessing eligible green and social bonds, the Investment Managers review and document the materiality of the relevant PAIs for the project and how the project's implementation affects the issuer's overall PAIs outlook.

For example, while investing in a green bond whose use of proceeds targets development of renewable energy sources, (e.g., solar/PV panels), the Investment Managers ascertain that financed projects reduce exposure to PAIs linked to greenhouse gas emissions.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

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

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

PAIs indicators are considered for the purpose of:

- **identifying best-in-class issuers; and**
- **guiding thematic engagement.**

Identifying best-in-class issuers

The Fund seeks exposure to bonds issued by corporates deemed by the Investment Managers to be **Environmental Champions**. Environmental champions are identified using a proprietary ESG rankings: the ESG Credit App ranks corporate issuers by their greenhouse gas emissions and greenhouse gas intensity using various data points such as Scope 1 and 2 greenhouse gasses emissions, emitters’ historic trajectories.

Guiding thematic engagement

The Investment Managers commit to **engage** with 5% of holdings which are considered as underperformers in terms of their aggregate exposure to applicable mandatory PAIs metrics.

More information on how the Fund considered its PAIs may be found in the periodic reporting of the Fund.

No



What investment strategy does this financial product follow?

The Fund employs a proprietary ESG rating methodology with the aim to avoid investment in issuers that are lagging in the transition to support a low-carbon economy. The ESG rating methodology is applied to 100% of issuers present in the Fund’s portfolio and is binding for the portfolio construction.

The Fund uses a combination of external and internal data inputs to determine climate transition performance (i.e., the extent to which an issuer is responding to the threat of climate change, for example by engaging in a combination of decarbonisation of products and services, establishing low or no emissions infrastructure, and reducing or eliminating reliance on fossil fuels, including revenue generated from fossil fuels), including but not limited to issuers’ direct emissions trajectory relative to peers, decarbonisation of product and services portfolio, and the assessment of opportunities in clean technology and energy.

In addition to the above, the Fund applies specific ESG exclusions. Across the entire portfolio, the Fund shall not invest in issuers that:

- repeatedly and seriously violate the United Nations Global Compact principles, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises, such as:
- protection of international human rights;
- no complicity in human rights violations;
- respect for freedom of association and the right to collective bargaining;
- elimination of forced labour;
- abolition of child labour;
- elimination of discrimination in respect of employment and occupation;
- precautionary principle in dealing with environmental problems and/or approach to environmental challenges;
- promoting greater environmental awareness and/or responsibility;
- development and dissemination and/or diffusion of environmentally friendly technologies; and
- working and/or standing up against corruption in all its forms;
- "Not Free" status according to the Freedom House Index for sovereign issuers;

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- Manufacture nuclear weapons or controversial weapons defined as anti-personnel mines, biological & chemical weaponry; or those that manufacture components intended for use in such weapons;
- Manufacture conventional weapons; those that derive revenue from such products that exceeds the Investment Managers' threshold (5%);
- Manufacture tobacco or tobacco products; or those that derive revenue from such products that exceeds the Investment Managers' thresholds (5%);
- Adhere to the bespoke list of gambling companies, that are set according to the bespoke gambling policy;
- Derives more than 5% of their revenue from thermal coal extraction;
- Score an ESG rating of CCC according to MSCI;
- Are flagged as red for Social Controversy. The flag is derived from the lowest scoring sub-pillar (Customers, Human Rights & Community, and Labour Rights & Supply Chain) within the Social pillar.

As a result of the aforementioned ESG methodology and exclusions, the weighted average base ESG score of the Fund's portfolio is higher than the average base ESG score of the investment universe (based on independent ESG ranking system provided by MSCI). ESG scores for each country in the portfolio are reviewed and updated at least annually.

If a security held by the Fund falls under at least one of the above exclusions, the Investment Managers will divest from such security as soon as practicable and at the latest within a period of six months.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy can be summarized as follows:

- the commitment to have an ESG score at Fund level higher than the ESG score of the investment universe;
- the commitment to engage with the 5% of holdings which are considered as underperformers in terms of their PAIs metrics; and
- the application of the ESG exclusions further described in the investment strategy section of this annex.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

No committed minimum rate.

● ***What is the policy to assess good governance practices of the investee companies?***

Assessment of good governance is achieved on both quantitative and qualitative levels.

For the quantitative assessment of corporate issuers, the issuers not following governance practice are determined using data points included into PAI Risk App and are deemed un-investible.

For the qualitative assessment of corporate issuers, the Investment Managers consider governance factors, such as board composition (including but not limited to gender, independence, skill set), governance practices or shareholders protection.

Issuers not passing PAI Risk App initial test and/or with qualitatively assessed governance deficiencies are deemed un-investible.

What is the asset allocation planned for this financial product?

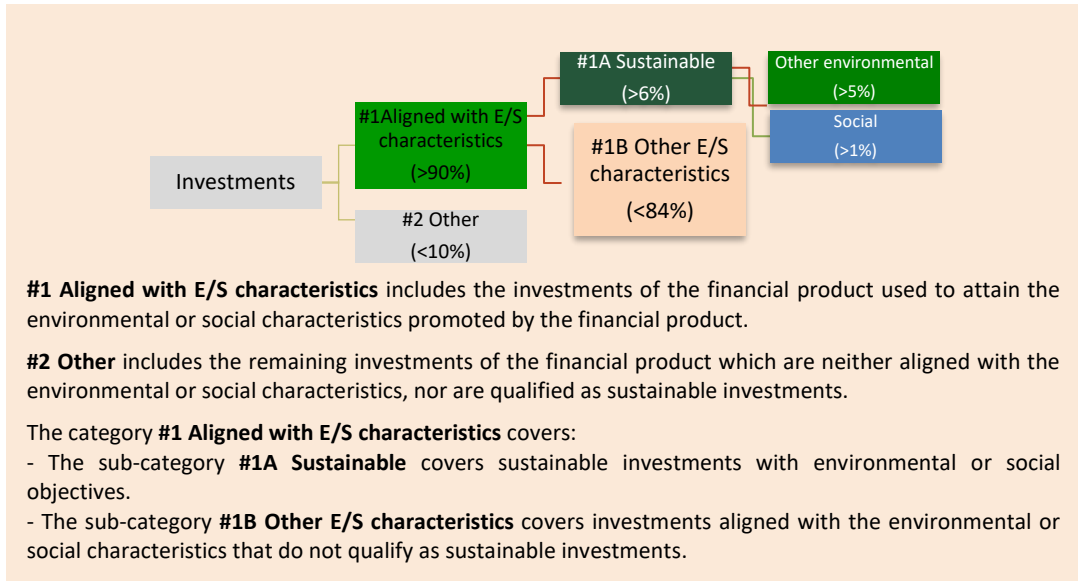
At least 90% of the Fund's portfolio is aligned with environmental and/or social characteristics promoted by the Fund. The remaining portion (<10%) of the portfolio is not aligned with the promoted characteristics and consists of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds).

Out of the Fund's portfolio segment which is aligned with the promoted environmental and/or social characteristics, the Fund undertakes a further commitment to invest a minimum of 6% of its portfolio to sustainable investments, with the portion of investments aligned with environmental and/or social characteristics.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



Asset allocation describes the share of investments in specific assets.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

For asset-based derivatives, the Investment Managers subject the assets to all relevant ESG screenings. The ESG screenings depend on the nature of the asset.

If the Investment Managers are not in position to determine the ESG quality of the underlying asset because of its nature (e.g., currency forwards for hedging purposes), the Investment Managers assess the ESG credentials of a derivative contract counterparty. If a counterparty is a subsidiary without separate ESG reporting scheme, the ESG characteristics of a parent company apply. The Fund does not engage in derivatives with financial institutions which are not meeting the Investment Managers' ESG criteria. To qualify as eligible counterparty, a financial institution must meet at least two of the following criteria:

- MSCI ESG rating of BBB or above – or in absence of MSCI rating, being above industry average rating as judged by alternative third party ESG data providers;
- signatory to the Equator Principles;
- signatory to Task Force on Climate-Related Financial Disclosures; and
- is committed to set a Science Based Target initiative (the "SBTi") target.



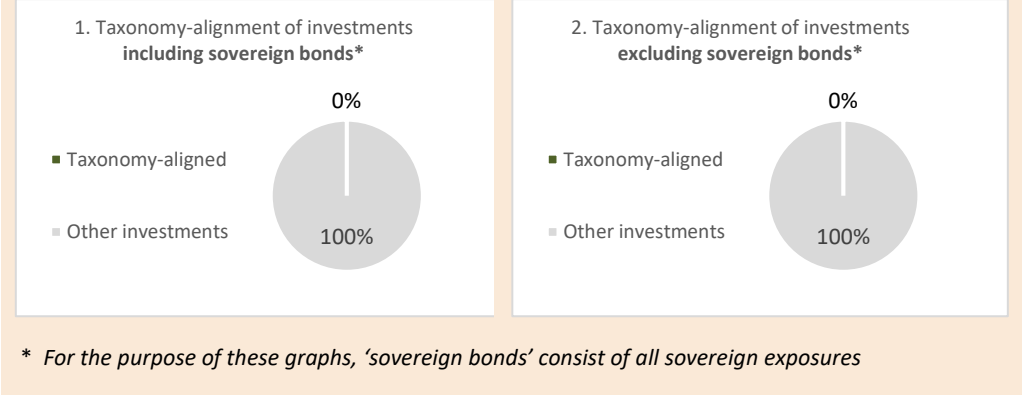
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy

The Fund commits to have a minimum share of 5% of sustainable investments with an environmental objective aligned with SFDR in its portfolio. The Investment Managers are not currently in a position to specify the exact proportion of the Fund's underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position is kept under review as the underlying rules are finalized and the availability of reliable data increases over time.



What is the minimum share of socially sustainable investments?

The minimum share of sustainable investments with a social objective is 1% of the Fund's portfolio.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" investments include liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund.

No minimum environmental and/or social safeguards have been put in place.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/4914/A/franklin-euro-high-yield-fund/LU0109395268>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/4914

Franklin Euro Short Duration Bond Fund

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds - Franklin Euro Short Duration Bond Fund (the "Fund")

Legal entity identifier: 549300WUQJZB0YAUO10

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 11% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with a social objective <input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

The environmental and/or social characteristics promoted by the Fund vary by the composition of the portfolio and *inter alia* include reduction of greenhouse gasses emissions, energy conservation, biodiversity protection, responsible solid and water waste management, alignment with the international business conduct principles and/or board gender diversity. The Investment Manager seeks to attain these characteristics by:

- avoiding investments in issuers that are lagging in the transition to a lower carbon economy ; and
- implementing negative screens as part of its investment process, as further detailed in section "What investment strategy does this financial product follow?" below..

Moreover, the Fund has a minimum allocation of 10% of its portfolio to sustainable investments in economic activities that contribute to environmental objectives and a minimum allocation of 1% of its portfolio to sustainable investments in economic activities that contribute to social objectives.

The Fund uses does not use a reference benchmark to which it aligns the environmental and/or social characteristics that the Fund promotes.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- percentage of investments in green bonds;
- percentage of investments in social bonds;
- percentage of investments in sustainability bonds;
- percentage of investments in bonds issued by best-in-class issuers (the "Environmental Champions");
- exposure to the principle adverse impacts (the "PAIs") indicators compared to the benchmark Bloomberg Barclays Euro Aggregate; and
- the list of issuers, with which the Investment Managers engage.

For the purpose of calculating the sustainability indicators above:

- Environmental Champions are defined as sovereign issuers ranked within the top 20% of their peer group, based on environmental factors including, but not limited to, greenhouse gas emissions, energy intensity, protection of biodiversity, air pollution and renewable energy mix, and corporate issuers ranked within the top 20% of their peer industry group, based on the greenhouse gas intensity.
- A Fund-level weighted average of each of all the mandatory PAIs indicators under consideration is calculated every quarter for both the Fund and its benchmark.

While the Fund is not committing to have a Fund level PAIs average better than its benchmark's average, the difference between those two metrics informs how successful the Fund is in investing into Environmental Champions as well as issuers of green bonds.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objective of the sustainable investments is, amongst others, to fund and promote either:

- the efficient use of energy, raw materials, water, and land;
- the production of renewable energy;
- the reduction of waste, and greenhouse gas emissions, and lower impact of economic activities on biodiversity;
- the development of a circular economy;
- tackling inequalities and fostering social cohesion;
- social integration;
- good labour relations; or
- investments in human capital, including disadvantaged communities.

The Fund's sustainable investments include a minimum allocation of 10% of its portfolio to sustainable investments in economic activities that contribute to environmental objectives.

This is achieved by investing in bonds labelled as being green or in any other securities whose:

- proceeds are used on eligible environmental projects;
- framework adheres to international standards (including but not limited to, the International Capital Market Association (the "ICMA") Green Bond Principles, future European Union Green Bond Standard (the "EU GBS")); and
- issuers do not significantly harm other environmental and social objectives while demonstrating good governance practices.

The use of proceeds for these bonds is clearly defined and aligned with the objectives above.

Additionally, the Fund commits to include a minimum allocation of 1% of its portfolio to sustainable social activities. This is achieved by investing in bonds labelled as being social or in any other securities, whose:

- proceeds are used on eligible social projects;
- framework adheres to international standards (including but not limited to, ICMA Social Bond Principles); and
- issuers do not significantly harm other environmental and social objectives while demonstrating good governance practices.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The Investment Managers use proprietary data tools and qualitative research to ensure alignment with the Do No Significant Harm (the "DNSH") principles across the portfolio.

All issuers are monitored using the Principle Adverse Impact Risk App (the "PAI Risk App"). The PAI Risk App uses data from a third-party provider to identify issuers involved in harmful economic activities and/or controversies and exclude such issuer from the investment universe.

A second proprietary tool, the Energy and Environmental Transition Index (the "EETI"), ranks the remaining sovereign issuers in the universe according to their environmental performance including greenhouse gas emissions and intensity. Sovereign issuers falling within the bottom 20% of their peer groups based on EETI are excluded from the investment universe. Another tool, ESG Credit App ranks corporate issuers by their greenhouse gas emissions and greenhouse gas intensity using various data points such as Scope 1 and 2 greenhouse gasses emissions, emitters' historic trajectories. Corporate issuers falling within the bottom 20% of the investment universe (i.e. climate laggards) based on the ESG Credit App are also excluded from the portfolio.

Additionally, sovereign issuers are subjected to tests based on their political liberties and/or corruption.

When deploying funds to sustainable investments, especially the 11% of portfolio of the Fund committed towards environmental and social objectives, the Investment Managers apply additional qualitative assessment (based on internal research or on external third-party opinion) of the issuer's and of the projects' DNSH eligibility.

How have the indicators for adverse impacts on sustainability factors been taken into account?

When assessing compliance of the Fund's investments with the Do No Significant Harm principles, the Investment Manager takes into account all mandatory PAI indicators of Table 1 of Annex I of the SFDR Regulatory Technical Standards ("RTS"), to the extent they are relevant for the investments contemplated by the Fund and other data points deemed by the Investment Manager as proxies for adverse impact. The Investment Manager performs this analysis at the level of each sustainable investment so that the relevance and materiality of the PAI indicators may vary across investments. Issuers deemed to be in breach of these indicators will not qualify as sustainable investments.

While assessing eligible green and social bonds, the Investment Managers review and document the materiality of the relevant PAIs for the project and how the project's implementation affects the issuer's overall PAIs outlook.

For example, while investing in a green bond whose use of proceeds targets development of renewable energy sources, (e.g., solar/PV panels), the Investment Managers ascertain that financed projects reduce exposure to PAIs linked to greenhouse gas emissions.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

For bonds issued by sovereign countries, the Organisation for Economic Cooperation and Development (the "OECD") Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights are not applicable to such investments.

For bonds issued by corporate issuers, the sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

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

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

PAIs indicators are considered for the purpose of:

- **identifying best-in-class issuers;**
- **restricting Fund’s investable universe;**
- **guiding thematic engagement; and**
- **applying exclusions.**

Identifying best-in-class issuers

The Fund seeks exposure to bonds issued by corporates and sovereigns deemed by the Investment Managers to be **Environmental Champions**. Environmental champions are identified using two proprietary ESG rankings:

- the EETI ranks sovereign issuers using various data points that include energy efficiency, natural capital conservation, renewable energy performance, using various data points, including greenhouse gas intensity (emissions normalized by gross domestic product, CO₂e/GDP); and
- the ESG Credit App ranks corporate issuers by their greenhouse gas emissions and greenhouse gas intensity using various data points such as Scope 1 and 2 greenhouse gasses emissions, emitters’ historic trajectories.

Restricting Fund’s investable universe

Sovereign issuers falling within the bottom 20% of the investment universe based on the EETI and corporate issuers falling within the bottom 20% of the investment universe (i.e. climate laggards) based on the ESG Credit App are also **excluded** from the portfolio.

Guiding thematic engagement

The Investment Managers commit to **engage** with 5% of holdings which are considered as underperformers in terms of their aggregate exposure to applicable mandatory PAIs metrics.

Applying exclusions

The Fund also considers UNGC violations and exposure to controversial weapons for the purpose of applying specific ESG exclusions as described in the investment strategy section.

More information on how the Fund considered its PAIs may be found in the periodic reporting of the Fund.

No

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



What investment strategy does this financial product follow?

The Fund employs a proprietary ESG rating methodology with the aim to avoid investment in issuers that are lagging in the transition to support a low-carbon economy. The ESG rating methodology is applied to at least 90% of the issuers present in the Fund’s portfolio and is binding for the portfolio construction.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

In relation to corporate issuers, the Fund uses a combination of external and internal data inputs to determine climate transition performance (i.e., the extent to which an issuer is responding to the threat of climate change, for example by engaging in a combination of decarbonisation of products and services, establishing low or no emissions infrastructure, and reducing or eliminating reliance on fossil fuels, including revenue generated from fossil fuels), including but not limited to issuers' direct emissions trajectory relative to peers, decarbonisation of product and services portfolio, and the assessment of opportunities in clean technology and energy.

In relation to government and government-related issuers, the Fund uses a combination of data inputs to determine climate transition performance, including but not limited to issuers' environmental risk exposure and environmental risk management. These include data relating to energy resource management, resource conservation, water resource management, environmental performance, management of environmental externalities, energy security risk, productive land and mineral resources, vulnerability to environmental events and environmental externalities.

The Fund uses a selectivity approach in order to exclude from its portfolio issuers (corporates and sovereigns) that score in the bottom 20% of its investment universe in terms of these metrics.

In addition to the above, the Fund applies specific ESG exclusions. Across the entire portfolio, the Fund shall not invest in issuers that:

- repeatedly and seriously violate the United Nations Global Compact principles, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises, such as:
 - protection of international human rights;
 - no complicity in human rights violations;
 - respect for freedom of association and the right to collective bargaining;
 - elimination of forced labour;
 - abolition of child labour;
 - elimination of discrimination in respect of employment and occupation;
 - precautionary principle in dealing with environmental problems and/or approach to environmental challenges;
 - promoting greater environmental awareness and/or responsibility;
 - development and dissemination and/or diffusion of environmentally friendly technologies; and
 - working and/or standing up against corruption in all its forms;
- have "Not Free" status according to the Freedom House Index for sovereign issuers;
- manufacture controversial weapons such as those that are defined as being indiscriminate; or those that manufacture components intended for use in such weapons;
- derive more than 5% of their revenue from production of conventional weapons;
- manufacture tobacco or tobacco products; or those that derive revenue from such products that exceeds the Investment Managers' 5% threshold;
- derive more than 5% of their revenue from gambling or adult entertainment;
- derive more than 5% of their revenue from the mining of thermal coal and its sale to external parties;
- derive more than 5% of their revenue from the most polluting fossil fuels;
- exceed the Investment Managers' 30% tolerance level of fossil fuels or 5% tolerance level of thermal coal used to generate electricity or lack ambitions regarding decarbonization targets for electricity generation;
- negatively affect biodiversity-sensitive areas; and
- score an ESG rating of CCC according to MSCI.

If a security held by the Fund falls under at least one of the above exclusions, the Investment Managers will divest from such security as soon as practicable and at the latest within a period of six months.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy can be summarized as follows:

- the exclusion of the bottom 20% of the investment universe based on the EETI and ESG Credit App;
- the commitment to engage with the 5% of holdings which are considered as underperformers in terms of their PAIs metrics; and
- the application of the ESG exclusions further described in the investment strategy section of this annex.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Fund excludes from its portfolio issuers that score in the bottom 20% of its investment universe, based on EETI (for sovereign issuers) and the ESG Credit App (for corporate issuers).

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● **What is the policy to assess good governance practices of the investee companies?**

Assessment of good governance is achieved on both quantitative and qualitative levels.

For the quantitative assessment of corporate and sovereign issuers, the issuers not following governance practice are determined using data points included into PAI Risk App and are deemed un-investible.

For the qualitative assessment of corporate issuers, the Investment Managers consider governance factors, such as board composition (including but not limited to gender, independence, skill set), governance practices or shareholders protection.

For the qualitative analysis of sovereign issuers, the Investment Managers investigate factors such as political liberties, rule of law, government effectiveness, among others.

Issuers not passing PAI Risk App initial test and/or with qualitatively assessed governance deficiencies are deemed un-investible.

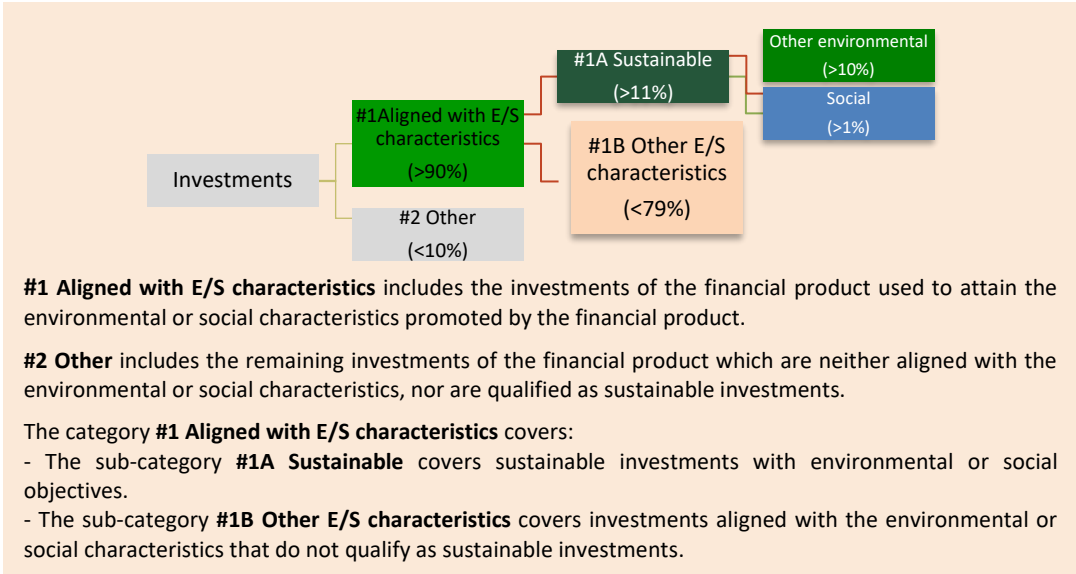


Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

At least 90% of the Fund’s portfolio is aligned with environmental and/or social characteristics promoted by the Fund., The remaining portion (<10%) of the portfolio is not aligned with the promoted characteristics and consists of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds).

Out of the Fund’s portfolio segment which is aligned with the promoted environmental and/or social characteristics, the Fund undertakes a further commitment to invest a minimum of 11% of its portfolio to sustainable investments, with the portion of investments aligned with environmental and/or social characteristics.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

For asset-based derivatives, the Investment Managers subject the assets to all relevant ESG screenings. The ESG screenings depend on the nature of the asset.

If the Investment Managers are not in position to determine the ESG quality of the underlying asset because of its nature (e.g., currency forwards for hedging purposes), the Investment Managers assess the ESG credentials of a derivative contract counterparty. If a counterparty is a subsidiary without separate ESG reporting scheme, the ESG characteristics of a parent company apply. The Fund does not engage in derivatives with financial institutions which are not meeting the Investment Managers’ ESG criteria. To qualify as eligible counterparty, a financial institution must meet at least two of the following criteria:

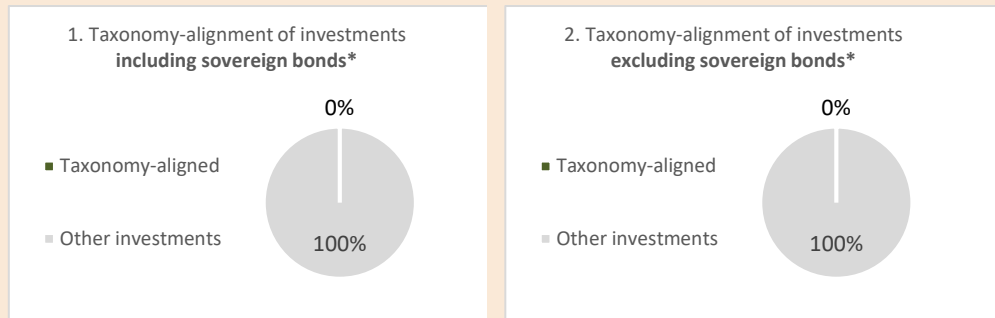
- MSCI ESG rating of BBB or above – or in absence of MSCI rating, being above industry average rating as judged by alternative third party ESG data providers;
- signatory to the Equator Principles;
- signatory to Task Force on Climate-Related Financial Disclosures; and
- is committed to set a Science Based Target initiative (the "SBTi") target.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*




* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● What is the minimum share of investments in transitional and enabling activities?

Not applicable.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund commits to have a minimum share of 10% of sustainable investments with an environmental objective aligned with SFDR in its portfolio. The Investment Managers are not currently in a position to specify the exact proportion of the Fund's underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position is kept under review as the underlying rules are finalized and the availability of reliable data increases over time.



What is the minimum share of socially sustainable investments?

The minimum share of sustainable investments with a social objective is 1% of the Fund's portfolio.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" investments include liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund.

No minimum environmental and/or social safeguards have been put in place.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/18443/A/franklin-euro-short-duration-bond-fund/LU1022659475>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/18443

Franklin European Corporate Bond Fund

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds - Franklin European Corporate Bond Fund (the "Fund")

Legal entity identifier: 0JRKFOGJGO9U5HR6QY84

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

 No

<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 11% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with a social objective <input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments
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What environmental and/or social characteristics are promoted by this financial product?

The environmental and/or social characteristics promoted by the Fund vary by the composition of the portfolio and *inter alia* include reduction of greenhouse gasses emissions, energy conservation, biodiversity protection, responsible solid and water waste management, alignment with the international business conduct principles and/or board gender diversity. The Investment Manager seeks to attain these characteristics by:

- avoiding investments in issuers that are lagging in the transition to a low-carbon economy; and
- implementing negative screens as part of its investment process, as further detailed in section "What investment strategy does this financial product follow?" below..

Moreover, the Fund has a minimum allocation of 10% of its portfolio to sustainable investments in economic activities that contribute to environmental objectives and a minimum allocation of 1% of its portfolio to sustainable investments in economic activities that contribute to social objectives.

The Fund does not use a reference benchmark to which it aligns the environmental and/or social characteristics that the Fund promotes.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- percentage of investments in green bonds;
- percentage of investments in social bonds;
- percentage of investments in sustainability bonds;
- percentage of investments in bonds issued by best-in-class issuers (the "Environmental Champions");
- exposure to the principle adverse impacts (the "PAIs") indicators compared to the benchmark Bloomberg Barclays Euro Aggregate; and
- the list of issuers, with which the Investment Managers engage.

For the purpose of calculating the sustainability indicators above:

- Environmental Champions are defined as corporate issuers ranked within the top 20% of their peer industry group, based on the greenhouse gas intensity.
- A Fund-level weighted average of each of all the mandatory PAIs indicators under consideration is calculated every quarter for both the Fund and its benchmark.

While the Fund is not committing to have a Fund level PAIs average better than its benchmark's average, the difference between those two metrics informs how successful the Fund is in investing into Environmental Champions as well as issuers of green bonds.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The objective of the sustainable investments is, amongst others, to fund and promote either:

- the efficient use of energy, raw materials, water, and land;
- the production of renewable energy;
- the reduction of waste, and greenhouse gas emissions, and lower impact of economic activities on biodiversity;
- the development of a circular economy;
- tackling inequalities and fostering social cohesion;
- social integration;
- good labour relations; or
- investments in human capital, including disadvantaged communities.

The Fund's sustainable investments include a minimum allocation of 10% of its portfolio to sustainable investments in economic activities that contribute to environmental objectives.

This is achieved by investing in bonds labelled as being green or in any other securities whose:

- proceeds are used on eligible environmental projects;
- framework adheres to international standards (including but not limited to, the International Capital Market Association (the "ICMA") Green Bond Principles, future European Union Green Bond Standard (the "EU GBS")); and
- issuers do not significantly harm other environmental and social objectives while demonstrating good governance practices.

The use of proceeds for these bonds is clearly defined and aligned with the objectives above.

Additionally, the Fund commits to include a minimum allocation of 1% of its portfolio to sustainable social activities. This is achieved by investing in bonds labelled as being social or in any other securities, whose:

- proceeds are used on eligible social projects;
- framework adheres to international standards (including but not limited to, ICMA Social Bond Principles); and
- issuers do not significantly harm other environmental and social objectives while demonstrating good governance practices.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The Investment Managers use proprietary data tools and qualitative research to ensure alignment with the Do No Significant Harm (the "DNSH") principles across the portfolio.

All issuers are monitored using the Principle Adverse Impact Risk App (the "PAI Risk App"). The PAI Risk App uses data from a third-party provider to identify issuers involved in harmful economic activities and/or controversies and exclude such issuer from the investment universe. Another tool, ESG Credit App ranks corporate issuers by their greenhouse gas emissions and greenhouse gas intensity using various data points such as Scope 1 and 2 greenhouse gasses emissions, emitters' historic trajectories. Corporate issuers falling within the bottom 20% of the investment universe (i.e. climate laggards) based on the ESG Credit App are also excluded from the portfolio.

When deploying funds to sustainable investments, especially the 11% of portfolio of the Fund committed towards environmental and social objectives, the Investment Managers apply additional qualitative assessment (based on internal research or on external third-party opinion) of the issuer's and of the projects' DNSH eligibility.

How have the indicators for adverse impacts on sustainability factors been taken into account?

When assessing compliance of the Fund's investments with the Do No Significant Harm principles, the Investment Manager takes into account all mandatory PAI indicators of Table 1 of Annex I of the SFDR Regulatory Technical Standards ("RTS"), to the extent they are relevant for the investments contemplated by the Fund and other data points deemed by the Investment Manager as proxies for adverse impact. The Investment Manager performs this analysis at the level of each sustainable investment so that the relevance and materiality of the PAI indicators may vary across investments. Issuers deemed to be in breach of these indicators will not qualify as sustainable investments.

While assessing eligible green and social bonds, the Investment Managers review and document the materiality of the relevant PAIs for the project and how the project's implementation affects the issuer's overall PAIs outlook.

For example, while investing in a green bond whose use of proceeds targets development of renewable energy sources, (e.g., solar/PV panels), the Investment Managers ascertain that financed projects reduce exposure to PAIs linked to greenhouse gas emissions.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

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

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

PAIs indicators are considered for the purpose of:

- **identifying best-in-class issuers;**
- **restricting Fund’s investable universe;**
- **guiding thematic engagement; and**
- **applying exclusions.**

Identifying best-in-class issuers

The Fund seeks exposure to bonds issued by corporates deemed by the Investment Managers to be **Environmental Champions**. Environmental champions are identified using a proprietary ESG rankings: the ESG Credit App ranks corporate issuers by their greenhouse gas emissions and greenhouse gas intensity using various data points such as Scope 1 and 2 greenhouse gasses emissions, emitters’ historic trajectories.

Restricting Fund’s investable universe

Issuers falling within the bottom 20% of the investment universe (i.e. climate laggards) based on the ESG Credit App are also **excluded** from the portfolio.

Guiding thematic engagement

The Investment Managers commit to **engage** with 5% of holdings which are considered as underperformers in terms of their aggregate exposure to applicable mandatory PAIs metrics.

Applying exclusions

The Fund also considers UNGC violations and exposure to controversial weapons for the purpose of applying specific ESG exclusions as described in the investment strategy section.

More information on how the Fund considered its PAIs may be found in the periodic reporting of the Fund.

No



What investment strategy does this financial product follow?

The Fund employs a proprietary ESG rating methodology with the aim to avoid investment in issuers that are lagging in the transition to support a low-carbon economy. The ESG rating methodology is applied to at least 90% of issuers present in the Fund’s portfolio and is binding for the portfolio construction.

The Fund uses a combination of external and internal data inputs to determine climate transition performance (i.e., the extent to which an issuer is responding to the threat of climate change, for example by engaging in a combination of decarbonisation of products and services, establishing low or no emissions infrastructure, and reducing or eliminating reliance on fossil fuels, including revenue generated from fossil fuels), including but not limited to issuers’ direct emissions trajectory relative to peers, decarbonisation of product and services portfolio, and the assessment of opportunities in clean technology and energy.

In addition to the above, the Fund applies specific ESG exclusions. Across the entire portfolio, the Fund shall not invest in issuers that:

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- repeatedly and seriously violate the United Nations Global Compact principles, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises, such as:
 - protection of international human rights;
 - no complicity in human rights violations;
 - respect for freedom of association and the right to collective bargaining;
 - elimination of forced labour;
 - abolition of child labour;
 - elimination of discrimination in respect of employment and occupation;
 - precautionary principle in dealing with environmental problems and/or approach to environmental challenges;
 - promoting greater environmental awareness and/or responsibility;
 - development and dissemination and/or diffusion of environmentally friendly technologies; and
 - working and/or standing up against corruption in all its forms;
- "Not Free" status according to the Freedom House Index for sovereign issuers;
- manufacture controversial weapons such as those that are defined as being indiscriminate; or those that manufacture components intended for use in such weapons;
- derive more than 5% of their revenue from production of conventional weapons;
- manufacture tobacco or tobacco products; or those that derive revenue from such products that exceeds the Investment Managers' 5% threshold;
- derive more than 5% of their revenue from gambling or adult entertainment;
- derive more than 5% of their revenue from the mining of thermal coal and its sale to external parties;
- derive more than 5% of their revenue from the most polluting fossil fuels;
- exceed the Investment Managers' 30% tolerance level of fossil fuels or 5% tolerance level of thermal coal used to generate electricity or lack ambitions regarding decarbonization targets for electricity generation;
- negatively affect biodiversity-sensitive areas; and
- score an ESG rating of CCC according to MSCI.

If a security held by the Fund falls under at least one of the above exclusions, the Investment Managers will divest from such security as soon as practicable and at the latest within a period of six months.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy can be summarized as follows:

- the exclusion of the bottom 20% of the investment universe based on the ESG Credit App;
- the commitment to engage with the 5% of holdings which are considered as underperformers in terms of their PAI metrics; and
- the application of the ESG exclusions further described in the investment strategy section of this annex.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Fund excludes from its portfolio issuers that score in the bottom 20% of its investment universe, based on the ESG Credit App.

● ***What is the policy to assess good governance practices of the investee companies?***

Assessment of good governance is achieved on both quantitative and qualitative levels.

For the quantitative assessment of corporate issuers, the issuers not following governance practice are determined using data points included into PAI Risk App and are deemed un-investible.

For the qualitative assessment of corporate issuers, the Investment Managers consider governance factors, such as board composition (including but not limited to gender, independence, skill set), governance practices or shareholders protection.

Issuers not passing PAI Risk App initial test and/or with qualitatively assessed governance deficiencies are deemed un-investible.

What is the asset allocation planned for this financial product?

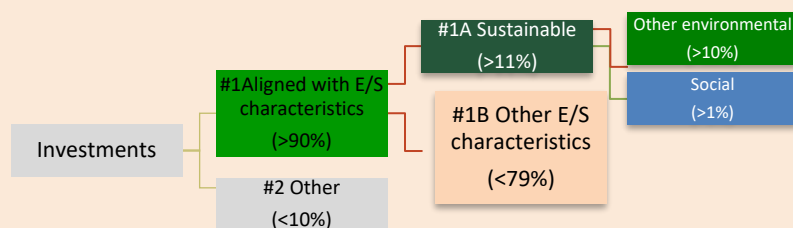
At least 90% of the Fund's portfolio is aligned with environmental and/or social characteristics promoted by the Fund. The remaining portion (<10%) of the portfolio is not aligned with the promoted characteristics and consists of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds).

Out of the Fund's portfolio segment which is aligned with the promoted environmental and/or social characteristics, the Fund undertakes a further commitment to invest a minimum of 11% of its portfolio to sustainable investments, with the portion of investments aligned with environmental and/or social characteristics.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

For asset-based derivatives, the Investment Managers subject the assets to all relevant ESG screenings. The ESG screenings depend on the nature of the asset.

If the Investment Manager is not in position to determine the ESG quality of the underlying asset because of its nature (e.g., currency forwards for hedging purposes), the Investment Managers assess the ESG credentials of a derivative contract counterparty. If a counterparty is a subsidiary without separate ESG reporting scheme, the ESG characteristics of a parent company apply. The Fund does not engage in derivatives with financial institutions which are not meeting the Investment Managers' ESG criteria. To qualify as eligible counterparty, a financial institution must meet at least two of the following criteria:

- MSCI ESG rating of BBB or above – or in absence of MSCI rating, being above industry average rating as judged by alternative third party ESG data providers;
- signatory to the Equator Principles;
- signatory to Task Force on Climate-Related Financial Disclosures; and
- is committed to set a Science Based Target initiative (the "SBTi") target.



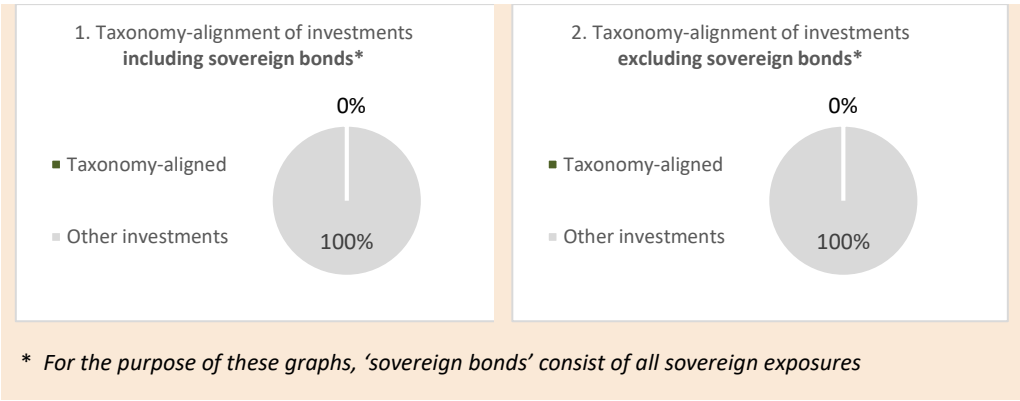
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable. Not applicable.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund commits to have a minimum share of 10% of sustainable investments with an environmental objective aligned with SFDR in its portfolio. The Investment Managers are not currently in a position to specify the exact proportion of the Fund's underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position is kept under review as the underlying rules are finalized and the availability of reliable data increases over time.



What is the minimum share of socially sustainable investments?

The minimum share of sustainable investments with a social objective is 1% of the Fund's portfolio.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" investments include liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund.

No minimum environmental and/or social safeguards have been put in place.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/14446/AB/franklin-european-corporate-bond-fund/LU0496369892>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/14446

Franklin European Social Leaders Bond Fund

Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds
Franklin European Social Leaders Bond Fund (the "Fund")

Legal entity identifier: 254900RZI399MM1QMA22

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

<p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___%</p> <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <p><input checked="" type="checkbox"/> It will make a minimum of sustainable investments with a social objective: 90%</p>	<p><input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments</p> <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <p><input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p>
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What is the sustainable investment objective of this financial product?

The Fund's sustainable investment objective is to invest in fixed income securities presenting the following characteristics:

- bonds labelled as being social as per recognised social bond assessment frameworks (including but not limited to, International Capital Market Association (the "ICMA")); and
- bonds issued by entities that are mainly involved in socially sustainable activities, which are aligned with more than two of the following selected United Nations Sustainable Development Goals (the "UN SDGs").

The sustainable investment objective is mapped to the following UN SDGs:

- goal 1 No Poverty;
- goal 2 Zero Hunger Goal;
- goal 3 Good Health and Well-being;
- goal 4 Quality Education;
- goal 5 Gender Equality;
- goal 6 Clean Water and Sanitation;
- goal 7 Affordable and Clean Energy;
- goal 8 Decent Work and Economic Growth;
- goal 9 Industry, Innovation and Infrastructure;
- goal 10 Reduced Inequality;

- goal 11 Sustainable Cities and Communities;
- goal 12 Responsible Consumption and Production;
- goal 16 Peace, Justice, and Strong Institutions; and
- goal 17 Partnerships for the Goals.

Additionally, the Fund implements negative screens as part of its investment process, as explained in detail in section "What investment strategy does this financial product follow?" below..

The Fund does not use a reference benchmark to measure the attainment of its sustainable investment objective.

● **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

The sustainability indicators used to measure the attainment of the sustainable investment objective are:

- the amount (in Euro) provided to eligible projects on a quarterly basis – based on allocation to social projects;
- the percentage of investments in social bonds;
- the percentage of investments in other eligible bonds; and
- the percentage of investments in issuers having exposure to, or ties with the sectors and the additional exclusions as further described below.

● **How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

The Investment Manager uses proprietary data tools and qualitative research to ensure alignment with the Do No Significant Harm (the "DNSH") principles across the portfolio.

Corporate issuers are monitored using the Principal Adverse Impacts (the "PAIs") Risk App (the "PAI Risk App"). The PAI Risk App uses data from a third-party data provider to identify issuers involved in harmful economic activities and/or controversies and exclude such issuer from the investment universe.

A second proprietary tool, the Energy and Environmental Transition Index (the "EETI"), ranks the remaining sovereign issuers in the universe according to their environmental performance including greenhouse gas emissions and intensity. Sovereign issuers falling within the bottom 20% of their peer groups based on EETI are excluded from the investment universe. Another tool, ESG Credit App ranks corporate issuers by their greenhouse gas emissions and greenhouse gas intensity using various data points such as Scope 1 and 2 greenhouse gasses emissions, emitters' historic trajectories. Corporate issuers falling within the bottom 20% of the investment universe (i.e. climate laggards) based on the ESG Credit App are also excluded from the portfolio.

Additionally, sovereign issuers are subjected to tests based on their political liberties and/or corruption. Finally, the Investment Manager applies additional qualitative assessment (based on internal research or external second party opinion) of the issuer's and the project's DNSH eligibility.

— **How have the indicators for adverse impacts on sustainability factors been taken into account?**

When assessing compliance of the Fund's investments with the Do No Significant Harm principles, the Investment Manager takes into account all mandatory PAI indicators of Table 1 of Annex I of the SFDR Regulatory Technical Standards ("RTS"), to the extent they are relevant for the investments contemplated by the Fund and other data points deemed by the Investment Manager as proxies for adverse impact. The Investment Manager performs this analysis at the level of each sustainable investment so that the relevance and materiality of the PAI indicators may vary across investments. Issuers deemed to be in breach of these indicators will not qualify as sustainable investments.

While assessing eligible social bonds, the Investment Manager reviews and documents the materiality of relevant PAIs for the project as well as how the project's implementation affect the issuer's overall PAIs outlook.

— **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

For bonds issued by sovereign countries, the Organisation for Economic Cooperation and Development (the "OECD") Guidelines for Multinational Enterprises and United Nations (the "UN") Guiding Principles on Business and Human Rights are not applicable.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

For bonds issued by corporate issuers, the sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Alignment is monitored using data from MSCI. Breaches identified by that service provider are flagged in the investment compliance system for subsequent investigation by the Investment Manager.

Where due diligence proves that the issuer is not aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, it is deemed un-investible.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

PAIs indicators are considered for the purpose of:

- **performing the DNSH test;**
- **restricting Fund's investable universe;**
- **guiding thematic engagement; and**
- **applying exclusions.**

Performing the DNSH test

The Investment Manager uses proprietary data tools and qualitative research to ensure alignment of bonds invested in with the DNSH principles across the portfolio using the PAIs indicators. Corporate issuers are monitored using the PAI Risk App (PAI Risk App). The PAI Risk App uses data from a third-party provider to identify issuers involved in harmful economic activities and/or controversies based on all mandatory PAIs and excludes such issuer from the investment universe. Additionally, sovereign issuers are subjected to tests based on their political liberties and/or corruption.

Restricting Fund's investable universe

Sovereign issuers falling within the bottom 20% of the investment universe based on the EETI and corporate issuers falling within the bottom 20% (i.e. climate laggards) based on the ESG Credit App are also excluded from the portfolio. Climate laggards are identified using two proprietary ESG rankings, (i) the EETI ranks sovereign issuers energy efficiency, natural capital conservation, renewable energy performance, using various data points, including greenhouse gas intensity (emissions normalized by gross domestic product (CO2e/GDP) and (ii) the ESG Credit App ranks corporate issuers by their greenhouse gas emissions and greenhouse gas intensity using various data points such as scope 1 and 2 greenhouse gasses emissions, emitters' historic trajectories.

Guiding thematic engagement

The Investment Manager commits to engage with 5% of holdings which are considered as underperformers in terms of their aggregate exposure to applicable mandatory PAIs metrics.

Applying exclusions

The Fund also considers UNGC violations and exposure to controversial weapons for the purpose of applying specific ESG exclusions as described in the investment strategy section.

More information on how the Fund considered its PAIs may be found in the periodic reporting of the Fund.

No

What investment strategy does this financial product follow?



The Fund seeks to achieve its investment objective by investing at least 75% of its portfolio in bonds that are labelled as being social as set out below, with up to 25% of its portfolio in bonds deemed by the Investment Manager to be supportive of a positive social outcome referred to below as "Social Champions". The strategy employs fundamental, bottom-up research analysis with a focus on eligible social bonds having received credit approval by the Investment Manager.

Social bonds are debt instruments whose proceeds are used to partially or fully finance or pre-finance new and or existing projects that provide clear social benefits such as positively contributing to reducing social inequalities relating to poverty, gender, race and/or employment.

The Fund also employs its proprietary ESG rating methodology with the aim to avoid investment in issuers that are lagging in the transition to support a low-carbon economy, excluding bottom 20% of the Fund's investable universe. The Fund uses

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

a combination of external and internal data inputs to determine the 'climate transition performance' for each issuer (i.e. the extent to which an issuer is responding to the threat of climate change, for example by engaging in a combination of decarbonisation of products and services, establishing low or no emissions infrastructure, and reducing or eliminating reliance on fossil fuels, including revenue generated from fossil fuels).

The Investment Manager employs a proprietary ESG methodology to assess whether the proceeds of the social bond(s) are supportive of mitigating specific social issue(s) and/or provide clear and identifiable social benefits. The methodology uses a combination of external and internal data inputs to determine the eligibility of the social bonds, reviewing, inter alia, the social project categories to which the social bond principles are associated, the targeted population benefiting from the positive socio-economic outcomes as well as the adherence of the issuer to principles developed by certain social bond assessment framework such as, International Capital Market Association (the "ICMA").

Identifying social bonds

For the purpose of applying this investment policy and identifying appropriate bonds as being social the Fund selects bonds which are labelled as "social" bonds in accordance with a recognised social bond assessment framework such as, but not limited to, ICMA or the United Nations Development Program standards (the "UNDP Standards") for SDG bonds.

If there is a positive Second Party Opinion (the "SPO") provided by a recognized provider, the Investment Manager is allowed to invest in a security labelled as "social". When such SPO is not available, the Investment Manager does the analysis leveraging proprietary analytical framework to determine if the bond is aligned with the ICMA framework or the UNDP Standards for SDG bonds.

In selecting investments, the Investment Manager applies its proprietary ESG methodology to assess whether the proceeds of the social bond(s) are supportive of mitigating specific social issue(s) and/or provide clear and identifiable social benefits. The methodology uses a combination of external and internal data inputs to determine the eligibility of the social bonds, reviewing, inter alia, the social project categories to which the social bond principles are associated, the targeted population benefiting from the positive socio-economic outcomes.

Identifying other eligible bonds

Bonds that are not labelled as social but are nonetheless issued by entities that are mainly involved in socially sustainable activities, including those linked to UN SDG are deemed eligible for investment by the Fund if such issuers meet internal 'Social Champion' criteria. Social Champions are issuers which prove strong alignment to more than two selected SDG.

In addition to the above, the Fund applies specific ESG exclusions. Across the entire portfolio, the Fund shall not invest in issuers that:

- repeatedly and seriously violate the UNGC Principles, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises, such as:
 - protection of international human rights;
 - no complicity in human rights violations;
 - respect for freedom of association and the right to collective bargaining;
 - elimination of forced labour;
 - abolition of child labour;
 - elimination of discrimination in respect of employment and occupation;
 - precautionary principle in dealing with environmental problems and/or approach to environmental challenges;
 - promoting greater environmental awareness and/or responsibility;
 - development and dissemination and/or diffusion of environmentally friendly technologies; and
 - working and/or standing up against corruption in all its forms;
- have "Not Free" status according to the Freedom House Index for sovereign issuers;
- manufacture controversial weapons - those that are defined as being indiscriminate; or those that manufacture components intended for use in such weapons;
- derive more than 5% of their revenue from production of conventional weapons;
- manufacture tobacco or tobacco products; or those that derive revenue from such products that exceeds the Investment Manager's 5% threshold;
- derive more than 5% of their revenue from gambling or adult entertainment;
- derive more than 5% of their revenue from the mining of thermal coal and its sale to external parties;
- derive more than 5% of their revenue from the most polluting fossil fuels;
- Exceed the Investment Manager's 30% tolerance level of fossil fuels or 5% tolerance level of thermal coal used to generate electricity or lack ambitious decarbonization targets for electricity generation;
- negatively affect biodiversity-sensitive areas; and
- score an ESG rating (MSCI) of CCC (exceptions can only be made after the Investment Manager conducts a formal review and provides sufficient evidence that the CCC ESG rating cannot be justified).

If a security held by the Fund falls under at least one of the above exclusions, the Investment Manager will divest from such security as soon as practicable and at the latest within a period of six months.

The above ESG methodology, which is applied to at least 90% of the Fund's portfolio, is binding for the portfolio construction.

The Fund may also invest up to 10% of its portfolio in units of UCITS and other UCIs (including ETFs), which are classified as SFDR Article 9 funds and which share the Fund's broad social sustainable investment goals.

● **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The following elements of the strategy are binding and are not at the discretion of the Investment Manager:

1. the commitment to invest at least 75% of the Fund's portfolio in bonds that are labelled social;
2. the use of a selectivity approach by excluding from its investment universe issuers that score in the bottom 20% of each respective investment universe (corporate and sovereign), based on greenhouse gases emissions, compared with their industry peers; and
3. the application of the ESG negative screens further described in the investment strategy section of this annex.

● **What is the policy to assess good governance practices of the investee companies?**

Assessment of good governance is achieved on both quantitative and qualitative levels.

For the quantitative assessment of corporate and sovereign issuers, the issuers not following governance practices are determined using data points included into PAI Risk App and are deemed uninvestible.

For the qualitative assessment of corporate issuers, the Investment Manager considers governance factors, such as board composition (including but not limited to gender, independence, skill set), governance practices or shareholders protection.

For the qualitative assessment of sovereign issuers, the Investment Manager investigates factors such as political liberties, rule of law, government effectiveness, among others.

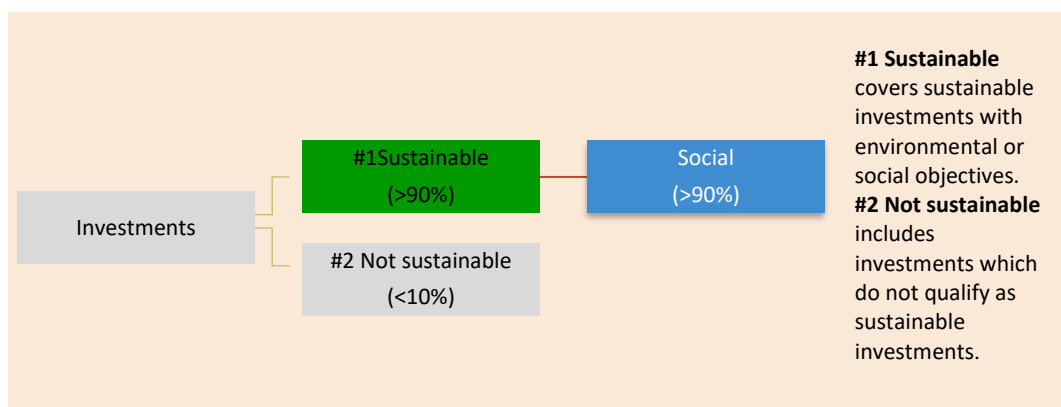
Issuers not passing PAI Risk App initial test and/or with qualitatively assessed governance deficiencies are deemed uninvestible.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation and the minimum share of sustainable investments?

The Investment Manager employs a binding proprietary ESG methodology which is applied to at least 90% of the Fund's portfolio, such portion of the portfolio qualifying as sustainable investments. The remaining portion (<10%) of the portfolio consist of derivative instruments used for hedging purposes as well as liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) which do not qualify as sustainable investments.



Asset allocation describes the share of investments in specific assets.

● **How does the use of derivatives attain the sustainable investment objective?**

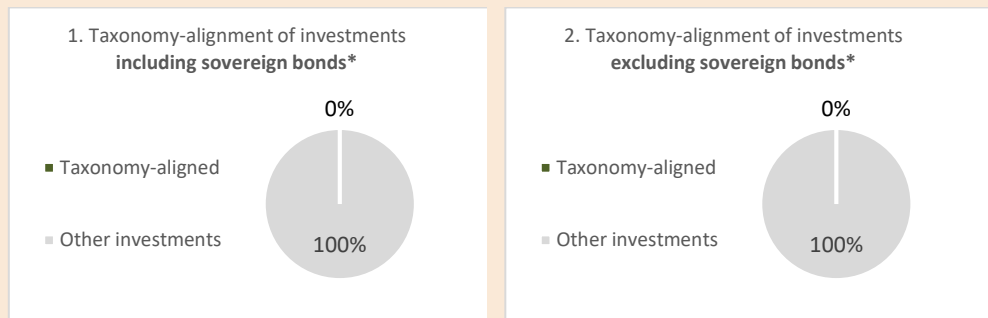
Not applicable.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● What is the minimum share of investments in transitional and enabling activities?

Not applicable.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable.



What is the minimum share of sustainable investments with a social objective?

The Fund commits to a minimum 90% of sustainable investments with a social objective.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The “#2 Not sustainable” investments include liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund as well as derivative instruments used for hedging purposes.

For derivatives, the Investment Manager determines what is the underlying asset and if applicable, will subject this asset to all relevant ESG screening depending on the underlying asset’s nature. For the avoidance of doubt, the Investment Manager will ensure that the underlying asset of any derivatives used for efficient portfolio management will qualify as a sustainable investment.

If the Investment Manager is not in position to determine the ESG quality of the underlying asset because of its nature (e.g., currency forwards for hedging purposes), the Investment Manager assesses the ESG credentials of a derivative contract counterparty. If a counterparty is a subsidiary without separate ESG reporting scheme, the ESG characteristics of a parent company apply. The Fund does not engage in derivatives with financial institutions which are not meeting Investment Manager’s ESG criteria. To qualify as eligible counterparty, a financial institution must meet at least two of the following criteria:

- MSCI ESG rating of BBB or above – or in absence of MSCI rating, being above industry average rating as judged by alternative third party ESG data provider;
- signatory to the Equator Principles;
- signatory to Task Force on Climate-Related Financial Disclosures; and
- is committed to set a Science Based Target initiative (the “SBTi”) target.

For liquid assets, the Investment Manager applies minimum environmental and social safeguards by verifying that the counterparties used for placement of deposits meet the EU Taxonomy Safeguards, as assessed by MSCI. Counterparties not meeting such criteria will not be used by the Fund.

The limited proportion of investments under “#2 Not sustainable” and the applicable minimum safeguards do not affect the delivery of the sustainable investment objectives of the Fund on continuous basis.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/33220/AA/franklin-european-social-leaders-bond-fund/LU2484328534>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/33220

Franklin European Total Return Fund

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds – Franklin European Total Return Fund (the "Fund")

Legal entity identifier: 4HIOY1ECMPB3YDFIY329

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 11% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with a social objective <input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

The environmental and/or social characteristics promoted by the Fund vary by the composition of the portfolio and *inter alia* include reduction of greenhouse gasses emissions, energy conservation, biodiversity protection, responsible solid and water waste management, alignment with the international business conduct principles and/or board gender diversity. The Investment Manager seeks to attain these characteristics by:

- avoiding investments in issuers that are lagging in the transition to a low-carbon economy; and
- implementing negative screens as part of its investment process, as further detailed in section "What investment strategy does this financial product follow?" below..

Moreover, the Fund has a minimum allocation of 10% of its portfolio to sustainable investments in economic activities that contribute to environmental objectives and a minimum allocation of 1% of its portfolio to sustainable investments in economic activities that contribute to social objectives.

The Fund does not use a reference benchmark to which it aligns the environmental and/or social characteristics that the Fund promotes.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- percentage of investments in green bonds;
- percentage of investments in social bonds;
- percentage of investments in sustainability bonds;
- percentage of investments in bonds issued by best-in-class issuers (the "Environmental Champions");
- the percentage of investment in issuers having exposure to, or tying with excluded sectors and additional exclusions further described in the investment strategy section of this annex;
- exposure to the principle adverse impacts (the "PAIs") indicators compared to the benchmark Bloomberg Barclays Euro Aggregate; and
- the list of issuers, with which the Investment Managers engage.

For the purpose of calculating the sustainability indicators above:

- Environmental Champions are defined as sovereign issuers ranked within the top 20% of their peer group, based on environmental factors including, but not limited to, greenhouse gas emissions, energy intensity, protection of biodiversity, air pollution and renewable energy mix, and corporate issuers ranked within the top 20% of their peer industry group, based on the greenhouse gas intensity.
- A Fund-level weighted average of each of all the mandatory PAIs indicators under consideration is calculated every quarter for both the Fund and its benchmark.

While the Fund is not committing to have a Fund level PAIs average better than its benchmark's average, the difference between those two metrics informs how successful the Fund is in investing into Environmental Champions as well as issuers of green bonds.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objective of the sustainable investments is, amongst others, to fund and promote either:

- the efficient use of energy, raw materials, water, and land;
- the production of renewable energy;
- the reduction of waste, and greenhouse gas emissions, and lower impact of economic activities on biodiversity;
- the development of a circular economy;
- tackling inequalities and fostering social cohesion;
- social integration;
- good labour relations; or
- investments in human capital, including disadvantaged communities.

The Fund's sustainable investments include a minimum allocation of 10% of its portfolio to sustainable investments in economic activities that contribute to environmental objectives.

This is achieved by investing in bonds labelled as being green or in any other securities whose:

- proceeds are used on eligible environmental projects;
- framework adheres to international standards (including but not limited to, the International Capital Market Association (the "ICMA") Green Bond Principles, future European Union Green Bond Standard (the "EU GBS")); and
- issuers do not significantly harm other environmental and social objectives while demonstrating good governance practices.

The use of proceeds for these bonds is clearly defined and aligned with the objectives above.

Additionally, the Fund commits to include a minimum allocation of 1% of its portfolio to sustainable social activities. This is achieved by investing in bonds labelled as being social or in any other securities, whose:

- proceeds are used on eligible social projects;
- framework adheres to international standards (including but not limited to, ICMA Social Bond Principles); and
- issuers do not significantly harm other environmental and social objectives while demonstrating good governance practices.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The Investment Managers use proprietary data tools and qualitative research to ensure alignment with the Do No Significant Harm (the "DNSH") principles across the portfolio.

All issuers are monitored using the Principle Adverse Impact Risk App (the "PAI Risk App"). The PAI Risk App uses data from a third-party provider to identify issuers involved in harmful economic activities and/or controversies and exclude such issuers from the investment universe.

A second proprietary tool, the Energy and Environmental Transition Index (the "EETI"), ranks the remaining sovereign issuers in the universe according to their environmental performance including greenhouse gas emissions and intensity. Sovereign issuers falling within the bottom 20% of their peer groups based on EETI are excluded from the investment universe. Another tool, ESG Credit App ranks corporate issuers by their greenhouse gas emissions and greenhouse gas intensity using various data points such as Scope 1 and 2 greenhouse gas emissions, emitters' historic trajectories. Corporate issuers falling within the bottom 20% of the investment universe (i.e. climate laggards) based on the ESG Credit App are also excluded from the portfolio.

Additionally, sovereign issuers are subjected to tests based on their political liberties and/or corruption.

When deploying funds to sustainable investments, especially the 11% of portfolio of the Fund committed towards environmental and social objectives, the Investment Managers apply additional qualitative assessment (based on internal research or on external third-party opinion) of the issuer's and of the projects' DNSH eligibility.

How have the indicators for adverse impacts on sustainability factors been taken into account?

When assessing compliance of the Fund's investments with the Do No Significant Harm principles, the Investment Manager takes into account all mandatory PAI indicators of Table 1 of Annex I of the SFDR Regulatory Technical Standards ("RTS"), to the extent they are relevant for the investments contemplated by the Fund and other data points deemed by the Investment Manager as proxies for adverse impact. The Investment Manager performs this analysis at the level of each sustainable investment so that the relevance and materiality of the PAI indicators may vary across investments. Issuers deemed to be in breach of these indicators will not qualify as sustainable investments.

While assessing eligible green and social bonds, the Investment Managers review and document the materiality of the relevant PAIs for the project and how the project's implementation affects the issuer's overall PAIs outlook.

For example, while investing in a green bond whose use of proceeds targets development of renewable energy sources, (e.g., solar/PV panels), the Investment Managers ascertain that financed projects reduce exposure to PAIs linked to greenhouse gas emissions.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

For bonds issued by sovereign countries, the Organisation for Economic Cooperation and Development (the "OECD") Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights are not applicable to such investments.

For bonds issued by corporate issuers, the sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

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

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

PAIs indicators are considered for the purpose of:

- **identifying best-in-class issuers;**
- **restricting Fund’s investable universe;**
- **guiding thematic engagement; and**
- **applying exclusions.**

Identifying best-in-class issuers

The Fund seeks exposure to in bonds issued by corporates and sovereigns deemed by the Investment Managers to be **Environmental Champions**. Environmental champions are identified using two proprietary ESG rankings:

- the EETI ranks sovereign issuers using various data points that include energy efficiency, natural capital conservation, renewable energy performance, using various data points, including greenhouse gas intensity (emissions normalized by gross domestic product, CO2e/GDP); and
- the ESG Credit App ranks corporate issuers by their greenhouse gas emissions and greenhouse gas intensity using various data points such as Scope 1 and 2 greenhouse gasses emissions, emitters’ historic trajectories.

Restricting Fund’s investable universe

Sovereign issuers falling within the bottom 20% of the investment universe based on the EETI and corporate issuers falling within the bottom 20% of the investment universe (i.e. climate laggards) based on the ESG Credit App are also **excluded** from the portfolio.

Guiding thematic engagement

The Investment Managers commit to **engage** with 5% of holdings which are considered as underperformers in terms of their aggregate exposure to applicable mandatory PAIs metrics.

Applying exclusions

The Fund also considers UNGC violations and exposure to controversial weapons for the purpose of applying specific ESG exclusions as described in the investment strategy section.

More information on how the Fund considered its PAIs may be found in the periodic reporting of the Fund.

No

What investment strategy does this financial product follow?



The Fund employs a proprietary ESG rating methodology with the aim to avoid investment in issuers that are lagging in the transition to support a low-carbon economy. The ESG rating methodology is applied to at least 90% of the issuers present in the Fund’s portfolio and is binding for the portfolio construction.

In relation to corporate issuers, the Fund uses a combination of external and internal data inputs to determine climate transition performance (i.e., the extent to which an issuer is responding to the threat of climate change, for example by engaging in a

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

combination of decarbonisation of products and services, establishing low or no emissions infrastructure, and reducing or eliminating reliance on fossil fuels, including revenue generated from fossil fuels), including but not limited to issuers' direct emissions trajectory relative to peers, decarbonisation of product and services portfolio, and the assessment of opportunities in clean technology and energy.

In relation to government and government-related issuers, the Fund uses a combination of data inputs to determine climate transition performance, including but not limited to issuers' environmental risk exposure and environmental risk management. These include data relating to energy resource management, resource conservation, water resource management, environmental performance, management of environmental externalities, energy security risk, productive land and mineral resources, vulnerability to environmental events and environmental externalities.

The Fund uses a selectivity approach in order to exclude from its portfolio issuers (corporates and sovereigns) that score in the bottom 20% of its investment universe in terms of these metrics.

In addition to the above, the Fund applies specific ESG exclusions. Across the entire portfolio, the Fund shall not invest in issuers that:

- repeatedly and seriously violate the United Nations Global Compact principles, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises, such as:
 - protection of international human rights;
 - no complicity in human rights violations;
 - respect for freedom of association and the right to collective bargaining;
 - elimination of forced labour;
 - abolition of child labour;
 - elimination of discrimination in respect of employment and occupation;
 - precautionary principle in dealing with environmental problems and/or approach to environmental challenges;
 - promoting greater environmental awareness and/or responsibility;
 - development and dissemination and/or diffusion of environmentally friendly technologies; and
 - working and/or standing up against corruption in all its forms;
- have "Not Free" status according to the Freedom House Index for sovereign issuers;
- manufacture controversial weapons such as those that are defined as being indiscriminate; or those that manufacture components intended for use in such weapons;
- derive more than 5% of their revenue from production of conventional weapons;
- manufacture tobacco or tobacco products; or those that derive revenue from such products that exceeds the Investment Managers' 5% threshold;
- derive more than 5% of their revenue from gambling or adult entertainment;
- derive more than 5% of their revenue from the mining of thermal coal and its sale to external parties;
- derive more than 5% of their revenue from the most polluting fossil fuels;
- exceed the Investment Managers' 30% tolerance level of fossil fuels or 5% tolerance level of thermal coal used to generate electricity or lack ambitions regarding decarbonization targets for electricity generation;
- negatively affect biodiversity-sensitive areas; and
- score an ESG rating of CCC according to MSCI.

If a security held by the Fund falls under at least one of the above exclusions, the Investment Managers will divest from such security as soon as practicable and at the latest within a period of six months.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy can be summarized as follows:

- the exclusion of the bottom 20% of the investment universe based on the EETI and ESG Credit App;
- the commitment to engage with the 5% of holdings which are considered as underperformers in terms of their PAIs metrics; and
- the application of the ESG exclusions further described in the investment strategy section of this annex.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Fund excludes from its portfolio issuers that score in the bottom 20% of its investment universe, based on EETI (for sovereign issuers) and the ESG Credit App (for corporate issuers).

● ***What is the policy to assess good governance practices of the investee companies?***

Assessment of good governance is achieved on both quantitative and qualitative levels.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

For the quantitative assessment of corporate and sovereign issuers, the issuers not following governance practice are determined using data points included into PAI Risk App and are deemed un-investible.

For the qualitative assessment of corporate issuers, the Investment Managers consider governance factors, such as board composition (including but not limited to gender, independence, skill set), governance practices or shareholders protection.

For the qualitative analysis of sovereign issuers, the Investment Managers investigate factors such as political liberties, rule of law, government effectiveness, among others.

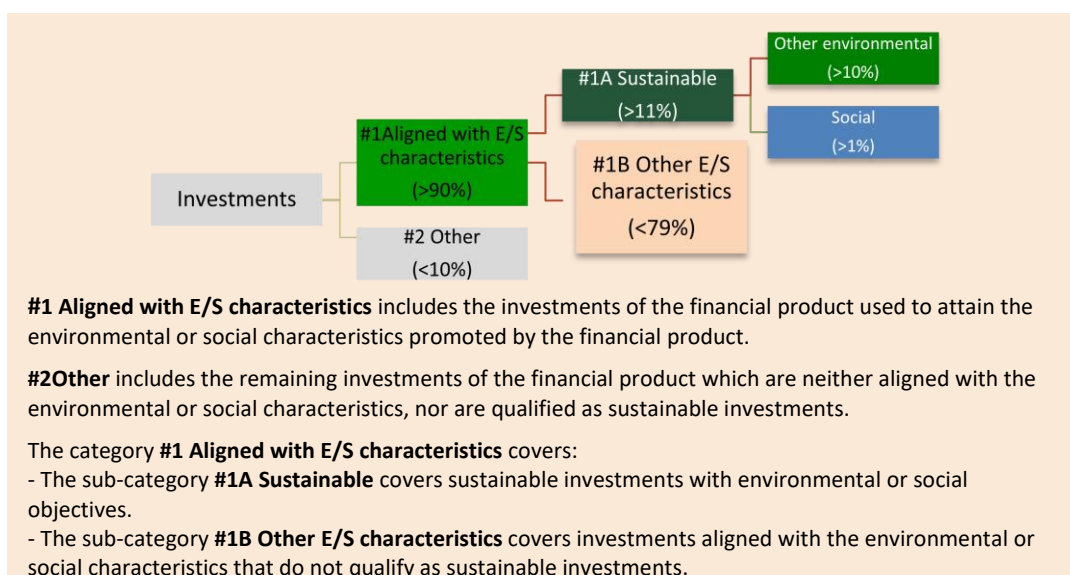
Issuers not passing PAI Risk App initial test and/or with qualitatively assessed governance deficiencies are deemed un-investible.



What is the asset allocation planned for this financial product?

At least 90% of the Fund's portfolio is aligned with environmental and/or social characteristics promoted by the Fund., the The remaining portion (<10%) of the portfolio is not aligned with the promoted characteristics and consists of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds).

Out of the Fund's portfolio segment which is aligned with the promoted environmental and/or social characteristics, the Fund undertakes a further commitment to invest a minimum of 11% of its portfolio to sustainable investments, with the portion of investments aligned with environmental and/or social characteristics.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

For asset-based derivatives, the Investment Managers subject the assets to all relevant ESG screenings. The ESG screenings depend on the nature of the asset.

If the Investment Manager is not in position to determine the ESG quality of the underlying asset because of its nature (e.g., currency forwards for hedging purposes), the Investment Managers assess the ESG credentials of a derivative contract counterparty. If a counterparty is a subsidiary without separate ESG reporting scheme, the ESG characteristics of a parent company apply. The Fund does not engage in derivatives with financial institutions which are not meeting the Investment Managers' ESG criteria. To qualify as eligible counterparty, a financial institution must meet at least two of the following criteria:

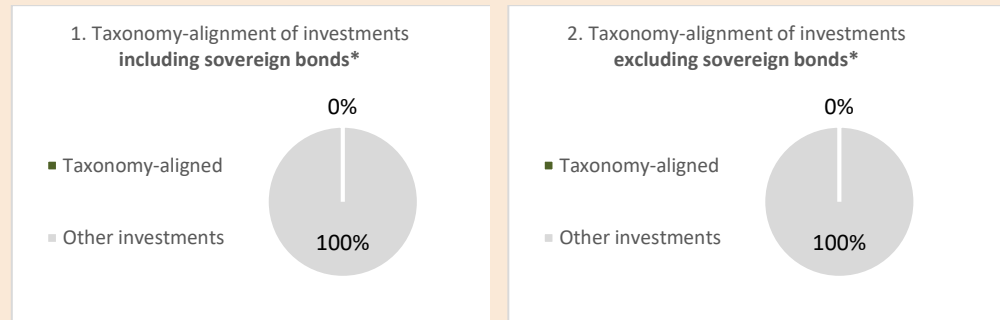
- MSCI ESG rating of BBB or above – or in absence of MSCI rating, being above industry average rating as judged by alternative third party ESG data providers;
- signatory to the Equator Principles;
- signatory to Task Force on Climate-Related Financial Disclosures; and
- is committed to set a Science Based Target initiative (the "SBTi") target.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● What is the minimum share of investments in transitional and enabling activities?

Not applicable



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund commits to have a minimum share of 10% of its sustainable investments with an environmental objective aligned with SFDR in its portfolio. The Investment Managers are not currently in a position to specify the exact proportion of the Fund's underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position is kept under review as the underlying rules are finalized and the availability of reliable data increases over time.



What is the minimum share of socially sustainable investments?

The minimum share of sustainable investments with a social objective is 1% of the Fund's portfolio.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" investments include liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund.

No minimum environmental and/or social safeguards have been put in place.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/4817/A/franklin-european-total-return-fund/LU0170473531>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/4817

Franklin Global Aggregate Bond Fund

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds – Franklin Global Aggregate Bond Fund **Legal entity identifier:** 4S11SQ65Q40D8JWP8C65
Aggregate Bond Fund (the "Fund")

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> Yes	<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 6% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with a social objective <input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

The environmental and/or social characteristics promoted by the Fund vary by the composition of the portfolio and inter alia include reduction of greenhouse gasses emissions, energy conservation, biodiversity protection, responsible solid and water waste management, alignment with the international business conduct principles and/or board gender diversity. The Investment Manager seeks to attain these characteristics by:

- avoiding investments in issuers that are lagging in the transition to a low-carbon economy; and
- implementing negative screens as part of its investment process, as further detailed in section "What investment strategy does this financial product follow?" below..

Moreover, the Fund has a minimum allocation of 5% of its portfolio to sustainable investments in economic activities that contribute to environmental objectives and a minimum allocation of 1% of its portfolio to sustainable investments in economic activities that contribute to social objectives.

The Fund does not use a reference benchmark to which it aligns the environmental and/or social characteristics that the Fund promotes.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- percentage of investments in green bonds;
- percentage of investments in social bonds;
- percentage of investments in sustainability bonds;
- percentage of investments in bonds issued by best-in-class issuers (the "Environmental Champions");
- the percentage of investment in issuers having exposure to, or tying with excluded sectors and additional exclusions further described in the investment strategy section of this annex;
- exposure to the principle adverse impacts (the "PAIs") indicators compared to the benchmark Bloomberg Barclays Global Aggregate; and
- the list of issuers, with which the Investment Managers engage.

For the purpose of calculating the sustainability indicators above:

- Environmental Champions are defined as sovereign issuers ranked within the top 20% of their peer group, based on environmental factors including, but not limited to, greenhouse gas emissions, energy intensity, protection of biodiversity, air pollution and renewable energy mix, and corporate issuers ranked within the top 20% of their peer industry group, based on the greenhouse gas intensity.
- A Fund-level weighted average of each of all the mandatory PAIs indicators under consideration is calculated every quarter for both the Fund and its benchmark.

While the Fund is not committing to have a Fund level PAIs average better than its benchmark's average, the difference between those two metrics informs how successful the Fund is in investing into Environmental Champions as well as issuers of green bonds.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The objective of the sustainable investments is, amongst others, to fund and promote either:

- the efficient use of energy, raw materials, water, and land;
- the production of renewable energy;
- the reduction of waste, and greenhouse gas emissions, and lower impact of economic activities on biodiversity;
- the development of a circular economy;
- tackling inequalities and fostering social cohesion;
- social integration;
- good labour relations; or
- investments in human capital, including disadvantaged communities.

The Fund's sustainable investments include a minimum allocation of 5% of its portfolio to sustainable investments in economic activities that contribute to environmental objectives.

This is achieved by investing in bonds labelled as being green or in any other securities whose:

- proceeds are used on eligible environmental projects;
- framework adheres to international standards (including but not limited to, the International Capital Market Association (the "ICMA") Green Bond Principles, future European Union Green Bond Standard (the "EU GBS")); and
- issuers do not significantly harm other environmental and social objectives while demonstrating good governance practices.

The use of proceeds for these bonds is clearly defined and aligned with the objectives above.

Additionally, the Fund commits to include a minimum allocation of 1% of its portfolio to sustainable social activities. This is achieved by investing in bonds labelled as being social or in any other securities, whose:

- proceeds are used on eligible social projects;
- framework adheres to international standards (including but not limited to, ICMA Social Bond Principles); and
- issuers do not significantly harm other environmental and social objectives while demonstrating good governance practices.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The Investment Managers use proprietary data tools and qualitative research to ensure alignment with the Do No Significant Harm (the "DNSH") principles across the portfolio.

All issuers are monitored using the Principle Adverse Impact Risk App (the "PAI Risk App"). The PAI Risk App uses data from a third-party provider to identify issuers involved in harmful economic activities and/or controversies and exclude such issuers from the investment universe.

A second proprietary tool, the Energy and Environmental Transition Index (the "EETI"), ranks the remaining sovereign issuers in the universe according to their environmental performance including greenhouse gas emissions and intensity. Sovereign issuers falling within the bottom 20% of their peer groups based on EETI are excluded from the investment universe. Another tool, ESG Credit App ranks corporate issuers by their greenhouse gas emissions and greenhouse gas intensity using various data points such as Scope 1 and 2 greenhouse gasses emissions, emitters' historic trajectories. Corporate issuers falling within the bottom 20% of the investment universe (i.e. climate laggards) based on the ESG Credit App are also excluded from the portfolio.

Additionally, sovereign issuers are subjected to tests based on their political liberties and/or corruption.

When deploying funds to sustainable investments, especially the 6% of portfolio of the Fund committed towards environmental and social objectives, the Investment Managers apply additional qualitative assessment (based on internal research or on external third-party opinion) of the issuer's and of the projects' DNSH eligibility.

How have the indicators for adverse impacts on sustainability factors been taken into account?

When assessing compliance of the Fund's investments with the Do No Significant Harm principles, the Investment Manager takes into account all mandatory PAI indicators of Table 1 of Annex I of the SFDR Regulatory Technical Standards ("RTS"), to the extent they are relevant for the investments contemplated by the Fund and other data points deemed by the Investment Manager as proxies for adverse impact. The Investment Manager performs this analysis at the level of each sustainable investment so that the relevance and materiality of the PAI indicators may vary across investments. Issuers deemed to be in breach of these indicators will not qualify as sustainable investments.

While assessing eligible green and social bonds, the Investment Managers review and document the materiality of the relevant PAIs for the project and how the project's implementation affects the issuer's overall PAIs outlook.

For example, while investing in a green bond whose use of proceeds targets development of renewable energy sources, (e.g., solar/PV panels), the Investment Managers ascertain that financed projects reduce exposure to PAIs linked to greenhouse gas emissions.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

For bonds issued by sovereign countries, the Organisation for Economic Cooperation and Development (the "OECD") Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights are not applicable to such investments.

For bonds issued by corporate issuers, the sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

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

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

PAIs indicators are considered for the purpose of:

- **identifying best-in-class issuers;**
- **restricting Fund’s investable universe;**
- **guiding thematic engagement; and**
- **applying exclusions.**

Identifying best-in-class issuers

The Fund seeks exposure to bonds issued by corporates and sovereigns deemed by the Investment Managers to be **Environmental Champions**. Environmental champions are identified using two proprietary ESG rankings:

- the EETI ranks sovereign issuers using various data points that include energy efficiency, natural capital conservation, renewable energy performance, using various data points, including greenhouse gas intensity (emissions normalized by gross domestic product, CO₂e/GDP); and
- the ESG Credit App ranks corporate issuers by their greenhouse gas emissions and greenhouse gas intensity using various data points such as Scope 1 and 2 greenhouse gasses emissions, emitters’ historic trajectories.

Restricting Fund’s investable universe

Sovereign issuers falling within the bottom 20% of the investment universe based on the EETI and corporate issuers falling within the bottom 20% of the investment universe (i.e. climate laggards) based on the ESG Credit App are also **excluded** from the portfolio.

Guiding thematic engagement

The Investment Managers commit to **engage** with 5% of holdings which are considered as underperformers in terms of their aggregate exposure to applicable mandatory PAIs metrics.

Applying exclusions

The Fund also considers UNGC violations and exposure to controversial weapons for the purpose of applying specific ESG exclusions as described in the investment strategy section.

More information on how the Fund considered its PAIs may be found in the periodic reporting of the Fund.

No



What investment strategy does this financial product follow?

The Fund employs a proprietary ESG rating methodology with the aim to avoid investment in issuers that are lagging in the transition to support a low-carbon economy. The ESG rating methodology is applied to the whole portfolio and is binding for the portfolio construction.

In relation to corporate issuers, the Fund uses a combination of external and internal data inputs to determine climate transition performance (i.e., the extent to which an issuer is responding to the threat of climate change, for example by engaging in a

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

combination of decarbonisation of products and services, establishing low or no emissions infrastructure, and reducing or eliminating reliance on fossil fuels, including revenue generated from fossil fuels), including but not limited to issuers' direct emissions trajectory relative to peers, decarbonisation of product and services portfolio, and the assessment of opportunities in clean technology and energy.

In relation to government and government-related issuers, the Fund uses a combination of data inputs to determine climate transition performance, including but not limited to issuers' environmental risk exposure and environmental risk management. These include data relating to energy resource management, resource conservation, water resource management, environmental performance, management of environmental externalities, energy security risk, productive land and mineral resources, vulnerability to environmental events and environmental externalities.

The Fund uses a selectivity approach in order to exclude from its portfolio issuers (corporates and sovereigns) that score in the bottom 20% of its investment universe in terms of these metrics..

In addition to the above, the Fund applies specific ESG exclusions. Across the entire portfolio, the Fund shall not invest in issuers that:

- repeatedly and seriously violate the United Nations Global Compact principles, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises, such as:
 - protection of international human rights;
 - no complicity in human rights violations;
 - respect for freedom of association and the right to collective bargaining;
 - elimination of forced labour;
 - abolition of child labour;
 - elimination of discrimination in respect of employment and occupation;
 - precautionary principle in dealing with environmental problems and/or approach to environmental challenges;
 - promoting greater environmental awareness and/or responsibility;
 - development and dissemination and/or diffusion of environmentally friendly technologies; and
 - working and/or standing up against corruption in all its forms;
- have "Not Free" status according to the Freedom House Index for sovereign issuers;
- manufacture controversial weapons such as those that are defined as being indiscriminate; or those that manufacture components intended for use in such weapons;
- derive more than 5% of their revenue from production of conventional weapons;
- manufacture tobacco or tobacco products; or those that derive revenue from such products that exceeds the Investment Managers' 5% threshold;
- derive more than 5% of their revenue from gambling or adult entertainment;
- derive more than 5% of their revenue from the mining of thermal coal and its sale to external parties;
- derive more than 5% of their revenue from the most polluting fossil fuels;
- exceed the Investment Managers' 30% tolerance level of fossil fuels or 5% tolerance level of thermal coal used to generate electricity or lack ambitions regarding decarbonization targets for electricity generation;
- negatively affect biodiversity-sensitive areas; and
- score an ESG rating of CCC according to MSCI.

If a security held by the Fund falls under at least one of the above exclusions, the Investment Managers will divest from such security as soon as practicable and at the latest within a period of six months.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy can be summarized as follows:

- the exclusion of the bottom 20% of the investment universe based on the EETI and ESG Credit App;
- the commitment to engage with the 5% of holdings which are considered as underperformers in terms of their PAIs metrics; and
- the application of the ESG exclusions further described in the investment strategy section of this annex.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Fund excludes from its portfolio issuers that score in the bottom 20% of its investment universe, based on EETI (for sovereign issuers) and the ESG Credit App (for corporate issuers).

● ***What is the policy to assess good governance practices of the investee companies?***

Assessment of good governance is achieved on both quantitative and qualitative levels.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

For the quantitative assessment of corporate and sovereign issuers, the issuers not following governance practice are determined using data points included into PAI Risk App and are deemed un-investible.

For the qualitative assessment of corporate issuers, the Investment Managers consider governance factors, such as board composition (including but not limited to gender, independence, skill set), governance practices or shareholders protection.

For the qualitative analysis of sovereign issuers, the Investment Managers investigate factors such as political liberties, rule of law, government effectiveness, among others.

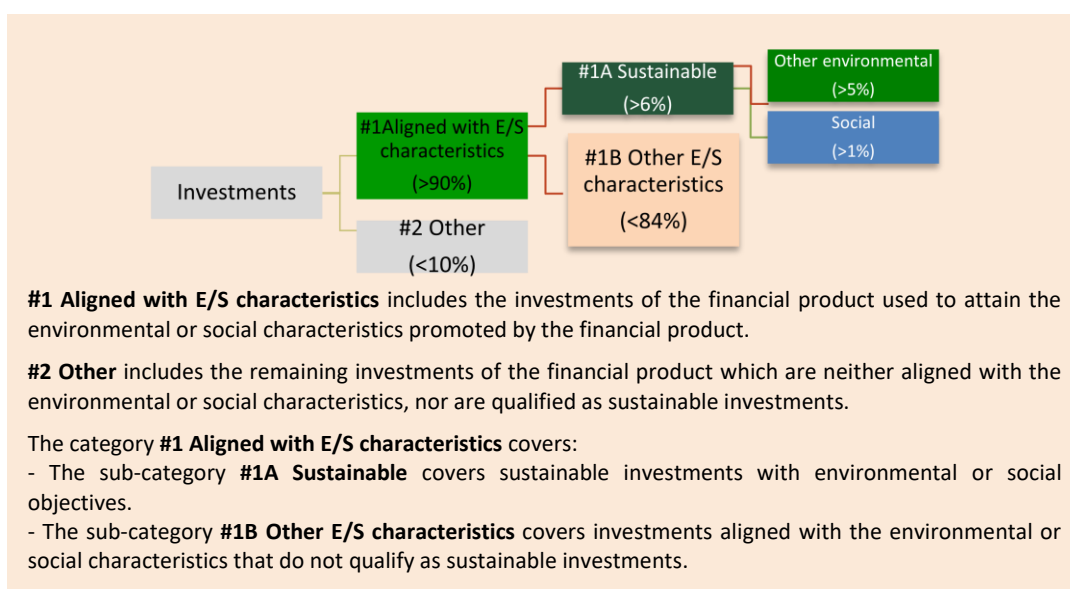
Issuers not passing PAI Risk App initial test and/or with qualitatively assessed governance deficiencies are deemed un-investible.



What is the asset allocation planned for this financial product?

At least 90% of the Fund's portfolio is aligned with environmental and/or social characteristics promoted by the Fund., the The remaining portion (<10%) of the portfolio is not aligned with the promoted characteristics and consists of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds).

Out of the Fund's portfolio segment which is aligned with the promoted environmental and/or social characteristics, the Fund undertakes a further commitment to invest a minimum of 6% of its portfolio to sustainable investments, with the portion of investments aligned with environmental and/or social characteristics.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

For asset-based derivatives, the Investment Managers subject the assets to all relevant ESG screenings. The ESG screenings depend on the nature of the asset.

If the Investment Manager is not in position to determine the ESG quality of the underlying asset because of its nature (e.g., currency forwards for hedging purposes), the Investment Managers assess the ESG credentials of a derivative contract counterparty. If a counterparty is a subsidiary without separate ESG reporting scheme, the ESG characteristics of a parent company apply. The Fund does not engage in derivatives with financial institutions which are not meeting the Investment Managers' ESG criteria. To qualify as eligible counterparty, a financial institution must meet at least two of the following criteria:

- MSCI ESG rating of BBB or above – or in absence of MSCI rating, being above industry average rating as judged by alternative third party ESG data providers;
- signatory to the Equator Principles;
- signatory to Task Force on Climate-Related Financial Disclosures; and
- is committed to set a Science Based Target initiative (the "SBTi") target.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

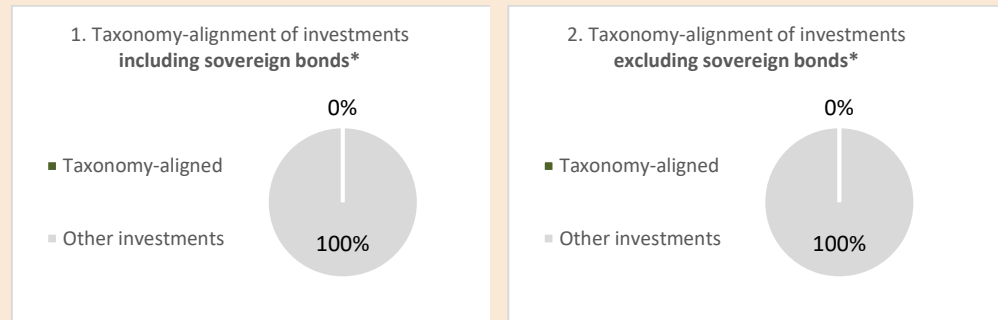
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● What is the minimum share of investments in transitional and enabling activities?

Not applicable.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund commits to have a minimum share of 5% of its sustainable investments with an environmental objective aligned with SFDR in its portfolio. The Investment Managers are not currently in a position to specify the exact proportion of the Fund's underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position is kept under review as the underlying rules are finalized and the availability of reliable data increases over time.



What is the minimum share of socially sustainable investments?

The minimum share of sustainable investments with a social objective is 1% of the Fund's portfolio.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" investments include liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund.

No minimum environmental and/or social safeguards have been put in place.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/14933/A/franklin-global-aggregate-bond-fund/LU0543369770>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/14933

Franklin Global Green Bond Fund

Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds – Franklin Global Green Bond Fund (the "Fund")

Legal entity identifier: 2549006AK218PYV09U02

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> Yes	<input type="radio"/> <input type="radio"/> <input type="checkbox"/> No
<input checked="" type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: 90% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What is the sustainable investment objective of this financial product?

- The Fund's sustainable investment objective is to invest in fixed income securities presenting the following characteristics:
- bonds labelled as being green as per international standards (including but not limited to, International Capital Market Association (the "ICMA") Green Bond principles or future European Union (the "EU") Green Bond Standards); and
 - other eligible bonds qualifying as sustainable investments with environmental objective under the Sustainable Finance Disclosure Regulation (the "SFDR") which are deemed to be supportive of a low-carbon future, or supportive of the Paris Climate Agreement.

The sustainable investment objective is mapped to the following United Nations Sustainable Development Goals (the "UN SDGs"):

- goal 6 Clean Water and Sanitation;
- goal 7 Affordable and Clean Energy;
- goal 8 Decent Work and Economic Growth;
- goal 9 Industry, Innovation and Infrastructure;
- goal 11 Sustainable Cities and Communities;
- goal 12 Responsible Consumption and Production;
- goal 13 Climate Action;
- goal 14 Life Below Water;
- goal 15 Life On Land; and
- goal 17 Partnerships for the Goals.

Additionally, the Fund implements negative screens as part of its investment process, as explained in section "What investment strategy does this financial product follow?" below.

The Fund does not use a reference benchmark to measure the attainment of its sustainable investment objective.

● **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

The sustainability indicators used to measure the attainment of the sustainable investment objective are:

- the amount (in Euro) provided to eligible projects on a quarterly basis – based on allocation to green bonds;
- the percentage of investments in green bonds;
- the percentage of investments in other eligible bonds supportive of a low-carbon future or supportive of the Paris Climate Agreement; and
- the percentage of investments in issuers having exposure to, or ties with the sectors and the additional exclusions as further described below.

● **How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

The Investment Managers use proprietary data tools and qualitative research to ensure alignment with the Do No Significant Harm (the "DNSH") principles across the portfolio.

Corporate issuers are monitored using the principal adverse impacts (the "PAIs") Risk App (the "PAI Risk App"). The PAI Risk App uses data from a third-party provider to identify issuers involved in harmful economic activities and/or controversies and exclude such issuer from the investment universe.

Additionally, sovereign issuers are subjected to tests based on their political liberties and/or corruption. Finally, the Investment Managers apply additional qualitative assessment (based on internal research or external second party opinion) of the issuer's and the project's DNSH eligibility.

How have the indicators for adverse impacts on sustainability factors been taken into account?

When assessing compliance of the Fund's investments with the Do No Significant Harm principles, the Investment Manager takes into account all mandatory PAI indicators of Table 1 of Annex I of the SFDR Regulatory Technical Standards ("RTS"), to the extent they are relevant for the investments contemplated by the Fund and other data points deemed by the Investment Manager as proxies for adverse impact. The Investment Manager performs this analysis at the level of each sustainable investment so that the relevance and materiality of the PAI indicators may vary across investments. Issuers deemed to be in breach of these indicators will not qualify as sustainable investments.

While assessing eligible bonds, the Investment Managers review and document the materiality of relevant PAIs for the project as well as how the project's implementation affects the issuer's overall PAIs outlook.

For example, while investing in a green bond whose use of proceeds targets development of renewable energy sources, e.g. solar/PV panels, the Investment Managers ascertain that the financed projects reduce exposure to PAIs linked to greenhouse gas emissions.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

For bonds issued by sovereign countries, the Organisation for Economic Cooperation and Development (the "OECD") Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights are not applicable.

For bonds issued by corporate issuers, the sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Alignment is monitored using data from MSCI. Breaches identified by that service provider are flagged in the investment compliance system for subsequent investigation by the Investment Managers.

Where due diligence proves that the issuer is not aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, it is deemed un-investible.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

PAIs indicators are considered for the purpose of:

- performing the DNSH test;
- guiding thematic engagement; and
- applying exclusions.

Performing the DNSH test

The Investment Managers use proprietary data tools and qualitative research to ensure alignment with the DNSH principles across the portfolio using the PAIs indicators. Corporate issuers are monitored using the PAI Risk App. The PAI Risk App uses data from various third-party providers to identify issuers involved in harmful economic activities and/or controversies based on all mandatory PAIs and exclude such issuer from the investment universe. Additionally, sovereign issuers are subjected to tests and evaluation based on their greenhouse gas emissions, political liberties and/or corruption.

Guiding thematic engagement

The Investment Managers commit to engage with 5% of holdings which are considered as underperformers in terms of their aggregate exposure to applicable mandatory PAIs metrics.

Applying exclusions

The Fund also considers UNGC violations and exposure to controversial weapons for the purpose of applying specific ESG exclusions as described in the investment strategy section.

More information on how the Fund considered its PAIs may be found in the periodic reporting of the Fund.

No



What investment strategy does this financial product follow?

The Fund seeks to achieve its investment objective by investing at least 75% of its portfolio in bonds that are labelled as being green as set out below and with up to 25% of its portfolio in other eligible bonds deemed by the Investment Managers to be supportive of a low-carbon future, or supportive of the Paris Climate Agreement, using the environmental, social and governance (the "ESG") criteria set out below.

The Investment Managers employ a proprietary ESG methodology to assess whether bond issuers (i) support the transition to a low-carbon future, (ii) are supported by an appropriate governance structure and (iii) display good operational environmental management.

The strategy employs fundamental, bottom-up research analysis with a focus on eligible green bonds, each investment having received credit approval by the Investment Managers.

Identifying green bonds

Green bonds are debt instruments whose proceeds are used to partially or fully finance or pre-finance of new and/or existing projects that have a beneficial impact on the environment.

For the purpose of applying this investment policy and identifying appropriate bonds as being green according to a recognized green bond assessment framework, such as the International Capital Market Association (the "ICMA") Green Bond Principles or the future European Union Green Bond Standard depending on which one the issuer selected.

If there is a positive Second Party Opinion (the "SPO") provided by a recognized provider, the Investment Managers are allowed to qualify a security as green, when such SPO is not available, the Investment Managers do the analysis leveraging proprietary analytical framework to determine if the bond is aligned with ICMA Green Bond Principles or the future EU Green Bond Principles. Once appropriate bonds have been identified, the Investment Managers ensure that they do not significantly harm any sustainable objective in order to qualify them as sustainable investments and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Identifying other eligible bonds

The Fund invests up to 25% into any bonds emitted by issuers, whose issuers declare majority of use of proceeds are invested in economic activities deemed to be supportive of a low-carbon future, or supportive of the Paris Climate Agreement provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

In addition to the above, the Fund applies specific ESG exclusions. Across the entire portfolio, the Fund shall not invest in issuers that:

- repeatedly and seriously violate the United Nations Global Compact Principles (the "UNGC Principles"), the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises, such as
 - protection of international human rights;
 - no complicity in human rights violations;
 - respect for freedom of association and the right to collective bargaining;
 - elimination of forced labour;
 - abolition of child labour;
 - elimination of discrimination in respect of employment and occupation;
 - precautionary principle in dealing with environmental problems and/or approach to environmental challenges;
 - promoting greater environmental awareness and/or responsibility;
 - development and dissemination and/or diffusion of environmentally friendly technologies;
 - working and/or standing up against corruption in all its forms;
- have an insufficient scoring according to the Freedom House Index for sovereign issuers;
- manufacture controversial weapons such as those that are defined as being indiscriminate; or those that manufacture components; intended for use in such weapons;
- derive more than 5% of their revenue from production of conventional weapons;
- manufacture tobacco or tobacco products; or those that derive revenue from such products that exceeds the Investment Managers' 5% threshold;
- derive more than 5% of their revenue from gambling or adult entertainment;
- derive more than 5% of their revenue from the mining of thermal coal and its sale to external parties;
- derive more than 5% of their revenue from the most polluting fossil fuels;
- exceed the Investment Managers' 30% tolerance level of fossil fuels or 5% tolerance level of thermal coal used to generate electricity or lack ambitious decarbonization targets for electricity generation;
- negatively affect biodiversity-sensitive areas; and
- score an ESG rating of CCC according to MSCI (exceptions can only be made after the Investment Managers conduct a formal review and provides sufficient evidence that the CCC ESG rating cannot be justified).

If a security held by the Fund falls under at least one of the above exclusions, the Investment Managers will divest from such security as soon as practicable and at the latest within a period of six months.

The above ESG methodology, which is applied to at least 90% of the Fund's portfolio, is binding for the portfolio construction.

The Fund may also invest up to 10% of its portfolio in units of UCITS and other UCIs (including ETFs), which are classified as SFDR Article 9 funds and which share the Fund's broad environmental sustainable investment goals.

● **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The following elements of the strategy are binding and are not at the discretion of the Investment Managers:

1. the commitment to invest at least 75% of the Fund's portfolio in bonds labelled as being green; and
2. the application of the ESG negative screens further described in the investment strategy section of this annex.

● **What is the policy to assess good governance practices of the investee companies?**

Assessment of good governance is achieved on both quantitative and qualitative levels.

For the quantitative assessment of corporate and sovereign issuers, the issuers not following governance practice are determined using data points included into PAI Risk App and are deemed un-investible.

For the qualitative assessment of corporate issuers, the Investment Managers consider governance factors, such as board composition (including but not limited to gender, independence, skill set), governance practices or shareholders protection.

For the qualitative assessment of sovereign issuers, the Investment Managers investigate factors such as political liberties, rule of law, government effectiveness, among others.

Issuers not passing PAI Risk App initial test and/or with qualitatively assessed governance deficiencies are deemed un-investible.

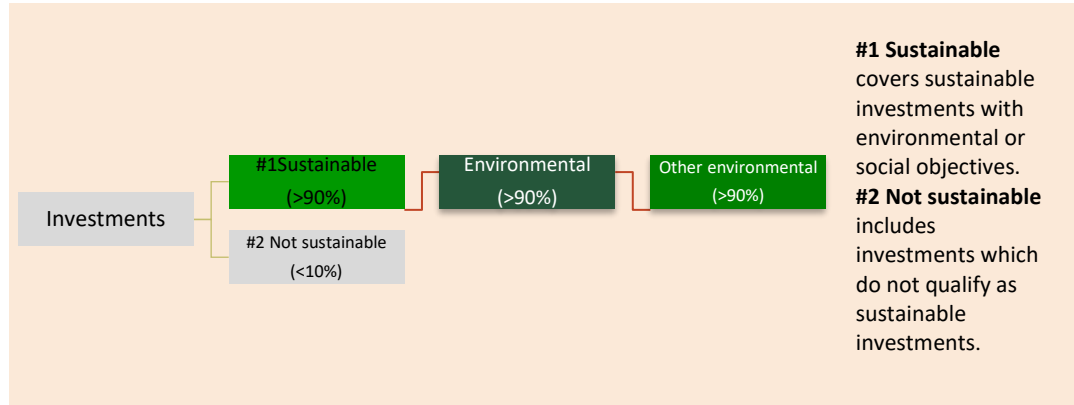
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation and the minimum share of sustainable investments?

The Investment Managers employ a binding proprietary ESG methodology which is applied to at least 90% of the Fund's portfolio, such portion of the portfolio qualifying as sustainable investments. The remaining portion (<10%) of the portfolio consist of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) as well as derivatives used for hedging purposes which do not qualify as sustainable investments.

Asset allocation describes the share of investments in specific assets.



● How does the use of derivatives attain the sustainable investment objective?

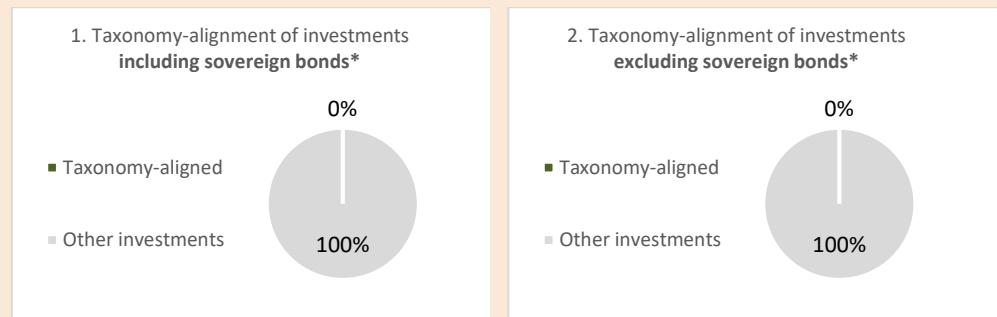
Not applicable.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*




* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund commits to having a minimum of 90% of sustainable investments with an environmental objective aligned with SFDR in its portfolio. The Investment Managers are not currently in a position to specify the exact proportion of the Fund's underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position is kept under review as the underlying rules are finalised and the availability of reliable data increases over time.



What is the minimum share of sustainable investments with a social objective?

Not applicable.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The “#2 Not sustainable” investments include liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day flow management and liquidity requirements of the Fund as well as derivatives used for hedging purposes.

For derivatives, the Investment Managers determine what is the underlying asset and if applicable, subject this asset to all relevant ESG screenings depending on the underlying asset's nature. For the avoidance of doubt, the Investment Manager will ensure that the underlying asset of any derivatives used for efficient portfolio management will qualify as a sustainable investment.

If the Investment Manager is not in position to determine the ESG quality of the underlying asset because of its nature (e.g., currency forwards for hedging purposes), the Investment Managers assess the ESG credentials of a derivative contract counterparty. If a counterparty is a subsidiary without separate ESG reporting scheme, the ESG characteristics of a parent company apply. The Fund does not engage in derivatives with financial institutions which are not meeting Investment Managers' ESG criteria. To qualify as eligible counterparty, a financial institution must meet at least two of the following criteria:

- MSCI ESG rating of BBB or above – or in absence of MSCI rating, being above industry average rating as judged by alternative third party ESG data provider;
- signatory to the Equator Principles;
- signatory to Task Force on Climate-Related Financial Disclosures; and
- is committed to set a Science Based Target initiative (the “SBTi”) target.

For liquid assets, the Investment Manager applies minimum environmental and social safeguards by verifying that the counterparties used for placement of deposits meet the EU Taxonomy Safeguards, as assessed by MSCI. Counterparties not meeting such criteria will not be used by the Fund.

The limited proportion of investments under “#2 Not sustainable” and the applicable minimum safeguards do not affect the delivery of the sustainable investment objectives of the Fund on continuous basis.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/33221

Franklin Innovation Fund

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds – Franklin Innovation Fund (the "Fund")

Legal entity identifier: 5493001D4005GUTY6W49

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** ___%

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



What environmental and/or social characteristics are promoted by this financial product?

The environmental and/or social characteristics promoted by the Fund are specific to each company and industry in which the Fund operates. These characteristics consist of *inter alia*, cybersecurity and data privacy, support of human capital and/or environmental impact (e.g., carbon emissions, water usage, and e-waste). The Investment Manager seeks to attain these characteristics by excluding certain issuers and sectors considered by the Investment Manager as harmful for the society while favoring issuers with a good environmental, social and governance (the "ESG") profile, as captured by its proprietary ESG methodology. Both the excluded issuers and sectors and the ESG rating methodology are further described in section "What investment strategy does this financial product follow?" below..

No reference benchmark has been designated to attain the environmental and/or social characteristics promoted.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- the share of companies rated AAA, AA, A, and B by proprietary ESG methodology; and
- the share of companies having exposure to, or tying with excluded sectors and additional exclusions further described in the investment strategy section of this annex.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Not applicable.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

✘ Yes,

The Fund specifically considers the following principal adverse impacts (the "PAIs"):

- **Scope 1 and Scope 2 greenhouse gas emissions;**
- **Scope 1+2 and material Scope 3 greenhouse gas emissions intensity;** and
- **board gender diversity.**

The consideration of the specified PAIs is tied to the Fund’s fundamental investment analysis as well as the Fund’s ESG assessment of investee companies. The Investment Manager believes that these PAIs are applicable to the widest range of the Fund’s investments and represent the largest opportunity set for engagement.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

With regards to **greenhouse gas emissions**, the Investment Manager is committed to engage with the investee companies to ensure they are establishing and committing to greenhouse gas emissions reductions plans, that are in accord with science based long term goals of net-zero emissions by 2050, in line with Net Zero Asset Managers Initiative (the "NZAMI") commitments. The Investment Manager works with companies to move them up to the scale of committing to align with net zero targets, aligning their emissions with net zero, being aligned to achieve net zero, and reaching net zero emissions. While the Investment Manager understands that, in the short-term, absolute emissions may increase for some companies as they work on transition plans, therefore, the consideration of greenhouse gas emission intensity helps the Investment Manager to monitor that overall companies' greenhouse gas emissions are trending in a direction aligned with greenhouse gas emissions reductions over time.

With regards to **board gender diversity**, the Investment Manager is committed to engage with the investee companies to ensure their boards are representative of the customers they serve as the Investment Manager believes this helps them to better understand their consumer base, create better products, and ultimately be more efficient companies. Initially, the Investment Manager works to identify companies that do not have board gender diversity and set time-based thresholds for drafting a plan to increase board gender diversity. The Investment Manager believes it is reasonable to increase the acceptable level of board gender diversity over time and to engage with companies that are laggards relative to their industry peers.

For the above PAIs, the Investment Manager initially baselines the portfolio and investee companies and looks to drive improvement on both fronts over time through engagement. As part of its NZAMI commitments, the Fund is engaging with investee companies to set and follow science-based emissions reductions targets and is seeking to follow a portfolio coverage approach, with increasing weight in companies that have achieved net zero greenhouse gas emissions, are aligned with net zero or are aligning. The goal for the portfolio is to achieve 100% in these categories by 2040. For board gender diversity, the Fund's initial commitment is to engage with all companies that lack any gender diversity with an expectation for them to develop at minimum a plan to increase board gender diversity within 18 months. The Investment Manager intends to increase the expectations of board gender diversity over time. Consequences of a lack of improvement on these measures for investee companies eventually include divestment if the Investment Manager does not see a path for improvement.

Finally, the Fund is committed to excluding investments in companies that produce **controversial weapons** or who fail to comply with the **United Nations Global Compact principles** (the "UNGC Principles") without positive outlook for remediation.

More information on how the Fund considered its PAIs may be found in the periodic reporting of the Fund.

No



What investment strategy does this financial product follow?

The Investment Manager employs a binding proprietary ESG methodology to determine a company's profile on relevant ESG issues.

The Investment Manager evaluates the companies which may be potential investment for the Fund and assigns an overall ESG rating based on quantitative and qualitative factors such as data security, gender diversity and inclusion as well as climate risk/greenhouse gases emissions/carbon footprint. The rating assigned to the issuers by the Investment Manager based on the proprietary ESG methodology and comprises four grades: AAA (best in class/very good), AA (good), A (fair) and B (needs improvement). The Investment Manager's ESG approach includes regular dialogue with investee companies, monitoring material ESG issues and voting proxies. Companies rated "B" or those not rated due to the company not meeting the Investment Manager's fundamental criteria are excluded from the Fund's portfolio.

The Fund also applies specific ESG exclusions and does not invest in companies which according to the Investment Manager's analysis:

- seriously violate the UNGC Principles (without positive perspective) - for that purpose, the Fund does not invest in companies which the Investment Manager assesses as fail under the UNGC Principles;
- generate more than 10% of revenue from the production and/or distribution of weapons;
- are involved in the production, distribution or wholesale trading of dedicated and/or key components of banned weapons (i.e., antipersonnel mines, biological and chemical weaponry and cluster munitions);
- manufacture tobacco or tobacco products or those that derive more than 5% of their revenue from such products;
- generate more than 10% of their revenue from thermal coal extraction or coal-based power generation.

Furthermore, the Fund does not invest in sovereign issuers which have inadequate scoring according to the Freedom House Index.

Finally, the Fund excludes from its portfolio companies that fail to improve on the integrated PAIs described above after engagement. Companies could be removed from the exclusion list after they show improvement on the relevant PAIs.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy can be summarized as follows:

- the exclusion of certain sectors and companies described in the investment strategy section of this annex (see above);
- the exclusion of companies rated B under proprietary methodology; and
- the commitment to exclude companies failing to improve on the PAIs considered after engagement.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Not applicable.

● **What is the policy to assess good governance practices of the investee companies?**

Governance is assessed regularly as part of the Investment Manager's fundamental analysis.

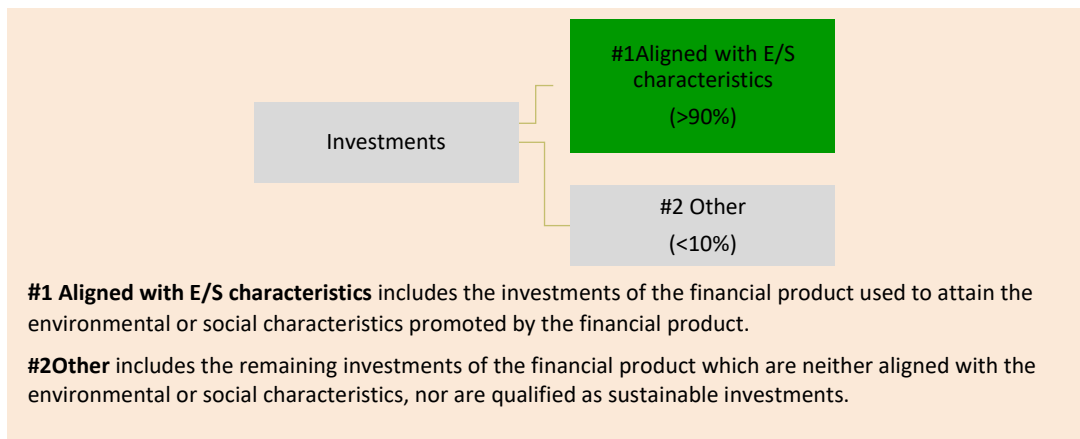
To score corporate governance, the Investment Manager uses a combination of quantitative metrics (such as compensation details, diversity and inclusion metrics, controversy metrics) and qualitative assessments (board independence, board composition, existence of dual class shares).

The Investment Manager further incorporates other qualitative factors such as capital allocation, research and development success, crisis management, acquisition history and communication with investors.

Certain governance related controversies (e.g., concerns regarding executive compensation or perceived lack of independence of board directors) could result in a company being un-investable by our standards despite strong fundamentals or other metrics.

What is the asset allocation planned for this financial product?

The Investment Manager employs a binding proprietary ESG methodology which is applied to at least 90% of the Fund's portfolio to determine a company's profile on relevant ESG issues. At least 90% of the Fund's portfolio is aligned with environmental and/or social characteristics promoted by the Fund., the remaining portion of it (<10%), mainly consisting of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) is not aligned with the promoted characteristics.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

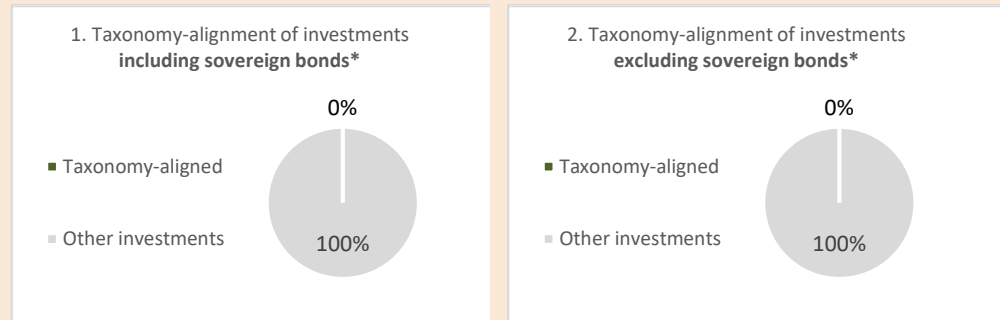
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

What is the minimum share of investments in transitional and enabling activities?

Not applicable



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" investments, constituting up to 10% of the portfolio, may include investments in liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund or investments for which there is insufficient data for them to be considered ESG-related investment. Due to the neutral nature of the asset, no minimum safeguards have been put in place.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/28619/Z/franklin-innovation-fund/LU2063271972>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/28619

Franklin K2 Alternative Strategies Fund

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds - Franklin K2 Alternative Strategies Fund (the "Fund")

Legal entity identifier: 54930062LATFG8YHK918

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

The Fund encourages at portfolio level minimum environmental, social and governance (the "ESG") standards by targeting a weighted average ESG score greater than i) the median MSCI ESG score of the investment universe; or ii) an MSCI ESG score of 5.25, whichever is higher, based on the long exposure in the portfolio of rated securities.

Thereby, the Fund promotes environmental and social characteristics which include *inter alia* actions to combat climate change, reduction of pollution and waste and/or human rights.

The investment universe is defined as all issuers with a current MSCI ESG score. Holdings without MSCI attributed ESG score do not contribute to the ESG score of the Fund or its investment universe.

In addition, the Fund implements negative screens as part of its investment process, as further described in section "What investment strategy does this financial product follow?" below..

No reference benchmark has been designated to attain the environmental and/or social characteristics promoted.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- the weighted average MSCI ESG score of the portfolio; and
- the share of investee companies having exposure to, or ties with the excluded sectors and the additional exclusions further described below.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Not applicable.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

The principal adverse impacts (the "PAIs") are integrated into the Investment Manager's proprietary scoring model, the ESG 360 Dashboard. This ESG modelling tool takes in position level scoring from MSCI ESG and produces sleeve and portfolio scores.

The following PAIs are mainly considered in relation to the Fund:

- **greenhouse gas emissions;**
- **greenhouse gas intensity;**
- **exposure to companies active in the fossil fuel sector;**
- **violations of United Nations Global Compact principles (the "UNGC Principles") and Organisation for Economic Cooperation and Development (the "OECD") Guidelines for Multinational Enterprises; and**
- **exposure to controversial weapons.**

To the extent data is not available for **greenhouse gas emissions, greenhouse gas intensity and exposure to the fossil fuel sector**, with respect to long positions in the Fund, the Investment Manager engages with the respective Investment Co-Managers to encourage their engagement with the respective issuers with regards to enhancing issuer reporting.

The Fund commits to have less than 1% long exposure in the portfolio to equities and corporate credit that violate the **UNGC Principles** without positive perspective. Furthermore, the Fund considers Violations of **UN Global Compact and OECD Guidelines** as part of the assessment of investee companies good governance. The Investment Manager screens the long holdings to identify securities which fail the UNGC or OECD Guidelines. The Investment Manager engages with the Investment Co-Managers to understand the investment proposition of the security which is flagged as violating UN Global Compact or OECD Guidelines and performs an assessment of the underlying company's governance. If it is determined that the security indeed has poor governance, the security would be added to the Fund's restricted list.

The Fund limits exposure to **controversial weapons** to 0%.

No



What investment strategy does this financial product follow?

At the Investment Co-Managers level, the Investment Manager performs an ESG assessment on the appointed Investment Co-Managers by applying a proprietary ESG rating methodology to each of them including a review of the Investment Co-Managers' investment integration and relevance to investment performance of environmental and/or social factors and an evaluation of the potential areas for development and future initiatives of the Investment Co-Managers.

Based on this qualitative assessment, the Investment Manager rates the Investment Co-Managers on compliance observance, investment integration and momentum. The ESG assessment of the Investment Co-Managers is monitored in quarterly meetings and annual operational due diligence visits. Additionally, the Investment Manager reviews at the firm level the Investment Co-Managers' ESG affiliations (e.g. United Nations Principles for Responsible Investment signatory status) as well as in-house ESG capabilities.

The Investment Manager believes that an above average MSCI Score is an appropriate target, as it sets a minimum threshold but does not exclude managers whose core investment thesis is focused on ESG improvements and/or engagement.

The Fund also commits to place the following screens on the portfolio:

- 0% exposure to controversial weapons;
- less than 1% long exposure to securities which fail the UNGC Principles without positive perspective;
- less than 5% long exposure to MSCI CCC-rated securities;
- 0% long exposure to companies which generate more than 5% of their revenues from tobacco production or distribution; and
- 0% long exposure to companies which generate more than 30% of their revenues from coal production or distribution.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy can be summarized as follows:

1. the commitment to reach an overall ESG score of at least 5.25, based on the weighted average MSCI ESG rating for all long holdings of rated securities actively held in the portfolio and covered by MSCI. If the Fund's score falls below 5.25, the Investment Manager rebalances across the Investment Co-Manager's sleeves to achieve a Fund score of 5.25 or better within 90 days; and
2. the commitment to exclude certain sectors and companies as described above.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

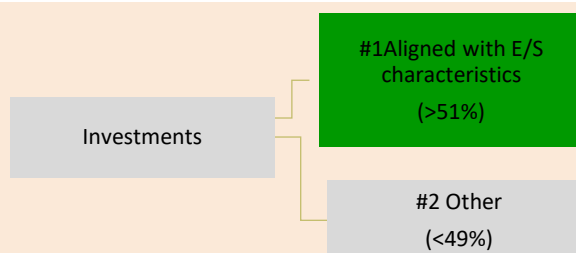
Not applicable.

● **What is the policy to assess good governance practices of the investee companies?**

To ensure the underlying holdings in the portfolio practice good governance, the Investment Manager screens the long holdings to identify securities which fail the UNGC Principles or OECD Guidelines for Multinational Enterprises and are flagged as controversies by MSCI. These holdings are reported on the 360 report which is produced monthly and shared during the in-depth meeting with the underlying Investment Co-Managers on a quarterly basis. When securities are flagged for potential poor governance the Investment Manager engages with the Investment Co-Managers to understand the investment proposition of the security and an assessment of the underlying company's governance. If it is determined that the security indeed has poor governance, the security would be added to the Fund's restricted list with instruction to divest within 90 days.

What is the asset allocation planned for this financial product?

The Investment Manager employs a binding proprietary ESG methodology which is applied to at least 51% of the Fund's portfolio to determine a company's profile on relevant ESG issues. At least 51% of the Fund's portfolio is aligned with environmental and/or social characteristics promoted by the Fund, the remaining portion of it (<49%), consisting of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds), foreign exchange and foreign exchange derivatives, interest rate swaps and UCITs eligible commodities, is not aligned with the promoted characteristics.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Fund utilizes derivatives for hedging, efficient portfolio management, and investment purposes.

Long derivative exposures related to entities where the underlying is covered by MSCI ESG ratings are covered by the ESG process and contribute towards the overall ESG rating of the Fund.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

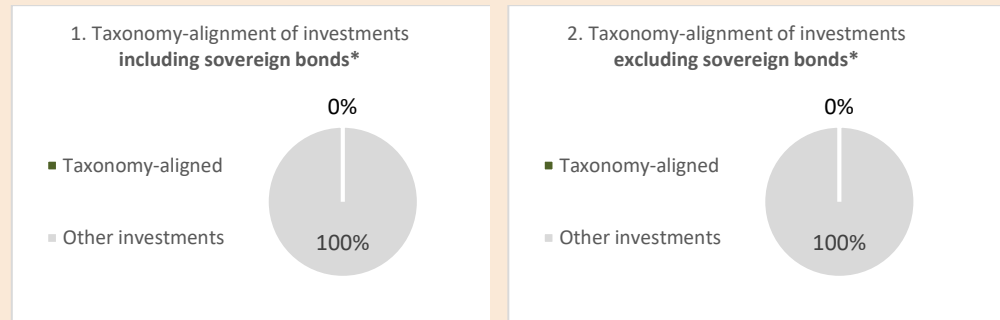
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● What is the minimum share of investments in transitional and enabling activities?

Not applicable



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" investments, constituting up to 49% of the Fund's portfolio, may include asset types and securities that are considered ineligible assets within the MSCI ESG Ratings methodology. This includes liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds), foreign exchange and foreign exchange derivatives, interest rate swaps and UCITs eligible commodities. In addition, the Fund invests in assets that are eligible under MSCI ESG Ratings methodology, but which are not covered for the purpose of calculating an overall Fund ESG score. These assets include structured credit and short derivative positions. Lastly, no environmental and/or social safeguards have been put in place.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not applicable.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/18896/1D/franklin-k-2-alternative-strategies-fund/LU1093756168>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/18896

Franklin Technology Fund

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds – Franklin Technology Fund (the "Fund")

Legal entity identifier: 549300P9XZCZFA3D1319

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

The environmental and/or social characteristics promoted by the Fund are specific to each company and industry in which the Fund operates. These characteristics consist of *inter alia*, cybersecurity and data privacy, support of human capital and/or environmental impact (e.g., carbon emissions, water usage, and e-waste). The Investment Manager seeks to attain these characteristics by excluding certain issuers and sectors considered by the Investment Manager as harmful for the society while favoring issuers with a good environmental, social and governance (the "ESG") profile, as captured by its proprietary ESG methodology. Both the excluded issuers and sectors and the ESG rating methodology are further described in section "What investment strategy does this financial product follow?" below..

No reference benchmark has been designated to attain the environmental and/or social characteristics promoted.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- the share of companies rated AAA, AA, A, and B by proprietary ESG methodology; and
- the share of companies having exposure to, or tying with excluded sectors and additional exclusions further in the investment strategy section of this annex.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Not applicable.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

The Fund specifically considers the following principal adverse impacts (the "PAIs"):

- **Scope 1 and Scope 2 greenhouse gas emissions;**
- **Scope 1+2 and material Scope 3 greenhouse gas emissions intensity;** and
- **board gender diversity.**

The consideration of the specified PAIs is tied to the Fund’s fundamental investment analysis as well as the Fund’s ESG assessment of investee companies. The Investment Manager believes that these PAIs are applicable to the widest range of the Fund’s investments and represent the largest opportunity set for engagement.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

With regards to **greenhouse gas emissions**, the Investment Manager is committed to engage with the investee companies to ensure they are establishing and committing to greenhouse gas emissions reductions plans, that are in accord with science based long term goals of net-zero emissions by 2050, in line with Net Zero Asset Managers Initiative (the "NZAMI") commitments. The Investment Manager works with companies to move them up to the scale of committing to align with net zero targets, aligning their emissions with net zero, being aligned to achieve net zero, and reaching net zero emissions. While the Investment Manager understands that, in the short-term, absolute emissions may increase for some companies as they work on transition plans, therefore, the consideration of greenhouse gas emission intensity helps the Investment Manager to monitor that overall companies' greenhouse gas emissions are trending in a direction aligned with greenhouse gas emissions reductions over time.

With regards to **board gender diversity**, the Investment Manager is committed to engage with the investee companies to ensure their boards are representative of the customers they serve as the Investment Manager believes this helps them to better understand their consumer base, create better products, and ultimately be more efficient companies. Initially, the Investment Manager works to identify companies that do not have board gender diversity and set time-based thresholds for drafting a plan to increase board gender diversity. The Investment Manager believes it is reasonable to increase the acceptable level of board gender diversity over time and to engage with companies that are laggards relative to their industry peers.

For the above PAIs, the Investment Manager initially baselines the portfolio and investee companies and looks to drive improvement on both fronts over time through engagement. As part of its NZAMI commitments, the Fund is engaging with investee companies to set and follow science-based emissions reductions targets and is seeking to follow a portfolio coverage approach, with increasing weight in companies that have achieved net zero greenhouse gas emissions, are aligned with net zero or are aligning. The goal for the portfolio is to achieve 100% in these categories by 2040. For board gender diversity, the Fund's initial commitment is to engage with all companies that lack any gender diversity with an expectation for them to develop at minimum a plan to increase board gender diversity within 18 months. The Investment Manager intends to increase the expectations of board gender diversity over time. Consequences of a lack of improvement on these measures for investee companies eventually include divestment if the Investment Manager does not see a path for improvement.

Finally, the Fund is committed to excluding investments in companies that produce **controversial weapons** or who fail to comply with the **United Nations Global Compact principles** (the "UNGC Principles") without positive outlook for remediation.

More information on how the Fund considered its PAIs may be found in the periodic reporting of the Fund.

No



What investment strategy does this financial product follow?

The Investment Manager employs a binding proprietary ESG methodology to determine a company's profile on relevant ESG issues.

The Investment Manager evaluates the companies which may be potential investment for the Fund ("Fund's Investment Universe") and assigns an overall ESG rating based on quantitative and qualitative factors such as cybersecurity and data privacy, the usage of controversial materials, support of human capital, diversity and inclusion as well as environmental impact (carbon emissions, ewaste, water usage). The rating assigned to the issuers by the Investment Manager based on the proprietary ESG methodology comprises four grades: AAA (best in class/very good), AA (good), A (fair) and B (needs improvement). The Investment Manager's ESG approach includes regular dialogue with companies, monitoring material ESG issues and voting proxies. Companies rated "B" or those not rated due to the company not meeting the Investment Manager's fundamental criteria are excluded from the Fund's portfolio.

The Fund also applies specific ESG exclusions and does not invest in companies which according to the Investment Manager's analysis:

- seriously violate the UNGC Principles (without positive perspective) - for that purpose, the Fund does not invest in companies which the Investment Manager assesses as fail under the UNGC Principles;
- generate more than 10% of revenue from the production and/or distribution of weapons;
- are involved in the production, distribution or wholesale trading of dedicated and/or key components of banned weapons (i.e., antipersonnel mines, biological and chemical weaponry and cluster munitions);
- manufacture tobacco or tobacco products or those that derive more than 5% of their revenue from such products;
- generate more than 10% of their revenue from thermal coal extraction or coal-based power generation.

Furthermore, the Fund does not invest in sovereign issuers which have inadequate scoring according to the Freedom House Index.

Finally, the Fund excludes from its portfolio companies that fail to improve on the integrated PAIs described above after engagement. Companies could be removed from the exclusion list after they show improvement on the relevant PAIs.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy can be summarized as follows:

- the exclusion of certain sectors and companies described in the investment strategy section of this annex (see above);
- the exclusion of companies rated B under proprietary methodology; and
- the commitment to exclude companies failing to improve on the PAIs considered after engagement.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Not applicable.

● **What is the policy to assess good governance practices of the investee companies?**

Governance is assessed regularly as part of the Investment Manager's fundamental analysis.

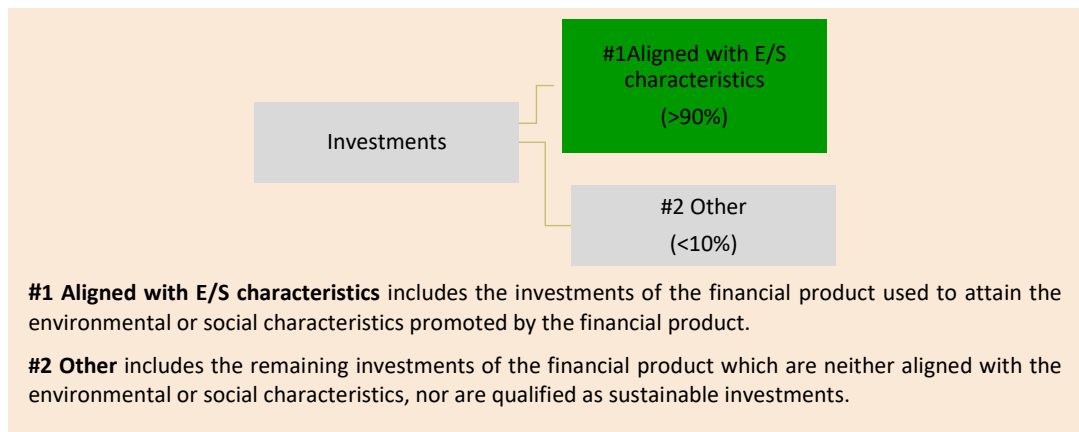
To score corporate governance, the Investment Manager uses a combination of quantitative metrics (such as compensation details, diversity and inclusion metrics, controversy metrics) and qualitative assessments (board independence, board composition, existence of dual class shares).

The Investment Manager further incorporates other qualitative factors such as capital allocation, research and development success, crisis management, acquisition history and communication with investors.

Certain governance related controversies (e.g., concerns regarding executive compensation or perceived lack of independence of board directors) could result in a company being un-investable by our standards despite strong fundamentals or other metrics.

What is the asset allocation planned for this financial product?

The Investment Manager employs a binding proprietary ESG methodology which is applied to at least 90% of the Fund's portfolio to determine a company's profile on relevant ESG issues. At least 90% of the Fund's portfolio is aligned with environmental and/or social characteristics promoted by the Fund., the remaining portion of it (<10%), mainly consisting of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) is not aligned with the promoted characteristics.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

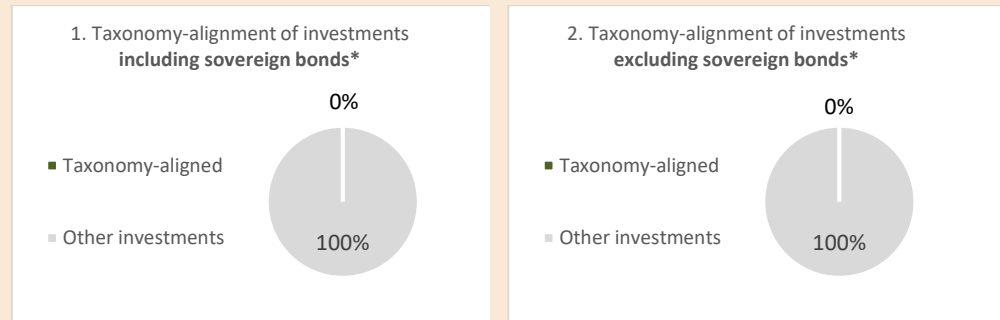
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● What is the minimum share of investments in transitional and enabling activities?

Not applicable

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The “#2 Other” investments, constituting up to 10% of the portfolio, may include investments in liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund or investments for which there is insufficient data for them to be considered ESG-related investment. Due to the neutral nature of the asset, no minimum safeguards have been put in place.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/4916/Z/franklin-technology-fund/LU0109392836#overview>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/4916

Franklin U.S. Opportunities Fund

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds – Franklin U.S. Opportunities Fund (the "Fund")

Legal entity identifier: YWFJZZO29TGGRF43SH58

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** ___%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



What environmental and/or social characteristics are promoted by this financial product?

The environmental and/or social characteristics promoted by the Fund are specific to each company and industry in which the Fund operates. These characteristics consist of *inter alia*, support of human capital, diversity and inclusion, employee satisfaction and/or environmental impact (e.g., carbon emissions, water usage, and e-waste). The Investment Manager seeks to attain these characteristics by excluding certain issuers and sectors considered by the Investment Manager as harmful for the society while favoring issuers with a good environmental, social and governance (the "ESG") profile, as captured by its proprietary ESG methodology. Both the excluded issuers and sectors and the ESG rating methodology are further described in section "What investment strategy does this financial product follow?" below..

No reference benchmark has been designated to attain the environmental and/or social characteristics promoted.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- the share of companies rated AAA, AA, A, and B by proprietary ESG methodology; and

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- the share of companies having exposure to, or tying with excluded sectors and additional exclusions further described in the investment strategy section of this annex.
- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Not applicable.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

The Fund specifically considers the following principal adverse impacts (the "PAIs"):

- **Scope 1 and Scope 2 greenhouse gas emissions;**
- **Scope 1+2 and material Scope 3 greenhouse gas emissions intensity;** and
- **board gender diversity.**

The consideration of the specified PAIs is tied to the Fund’s fundamental investment analysis as well as the Fund’s ESG assessment of investee companies. The Investment Manager believe that these PAIs are applicable to the widest range of the Fund’s investments and represent the largest opportunity set for engagement.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

With regards to **greenhouse gas emissions**, the Investment Manager is committed to engage with the investee companies to ensure they are establishing and committing to greenhouse gas emissions reductions plans, that are in accord with science based long term goals of net-zero emissions by 2050, in line with Net Zero Asset Managers Initiative (the "NZAMI") commitments. The Investment Manager works with companies to move them up to the scale of committing to align with net zero targets, aligning their emissions with net zero, being aligned to achieve net zero, and reaching net zero emissions. While the Investment Manager understands that, in the short-term, absolute emissions may increase for some companies as they work on transition plans, therefore, the consideration of greenhouse gas emission intensity helps the Investment Manager to monitor that overall companies' greenhouse gas emissions are trending in a direction aligned with greenhouse gas emissions reductions over time.

With regards to **board gender diversity**, the Investment Manager is committed to engage with the investee companies to ensure their boards are representative of the customers they serve as the Investment Manager believes this helps them to better understand their consumer base, create better products, and ultimately be more efficient companies. Initially, the Investment Manager works to identify companies that do not have board gender diversity and set time-based thresholds for drafting a plan to increase board gender diversity. The Investment Manager believes it is reasonable to increase the acceptable level of board gender diversity over time and to engage with companies that are laggards relative to their industry peers.

For the above PAIs, the Investment Manager initially baselines the portfolio and investee companies and looks to drive improvement on both fronts over time through engagement. As part of its NZAMI commitments, the Fund is engaging with investee companies to set and follow science-based emissions reductions targets and is seeking to follow a portfolio coverage approach, with increasing weight in companies that have achieved net zero greenhouse gas emissions, are aligned with net zero or are aligning. The goal for the portfolio is to achieve 100% in these categories by 2040. For board gender diversity, the Fund's initial commitment is to engage with all companies that lack any gender diversity with an expectation for them to develop at minimum a plan to increase board gender diversity within 18 months. The Investment Manager intends to increase the expectations of board gender diversity over time. Consequences of a lack of improvement on these measures for investee companies eventually include divestment if the Investment Manager does not see a path for improvement.

Finally, the Fund is committed to excluding investments in companies that produce **controversial weapons** or who fail to comply with the **United Nations Global Compact principles** (the "UNGC Principles") without positive outlook for remediation.

More information on how the Fund considered its PAIs may be found in the periodic reporting of the Fund.

No



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager employs a binding proprietary ESG methodology to determine a company's profile on relevant ESG issues. The Investment Manager evaluates the companies which may be potential investment for the Fund and assigns an overall ESG rating based on quantitative and qualitative indicators such as health and safety, data security, diversity, and inclusion as well as environmental impact (measured by greenhouse gas emissions and carbon footprint). The rating assigned to the issuers by the Investment Manager based on the proprietary ESG methodology and comprises four grades: AAA (best in class/very good), AA (good), A (fair), and B (needs improvement). The Investment Manager's ESG approach includes regular dialogue with investee companies, monitoring material ESG issues and voting proxies. Companies rated "B" or those not rated due to the company not meeting the Investment Manager's fundamental criteria are excluded from the Fund's portfolio.

The Fund also applies specific ESG exclusions and does not invest in companies which according to the Investment Manager's analysis:

- seriously violate the UNGC Principles (without positive perspective) - for that purpose, the Fund does not invest in companies which the Investment Manager assesses as fail under the UNGC Principles;
- generate more than 10% of revenue from the production and/or distribution of weapons;
- are involved in the production, distribution or wholesale trading of dedicated and/or key components of banned weapons (i.e., antipersonnel mines, biological and chemical weaponry, and cluster munitions);
- manufacture tobacco or tobacco products or those that derive more than 5% of their revenue from such products;
- generate more than 10% of their revenue from thermal coal extraction or coal-based power generation.

Furthermore, the Fund does not invest in sovereign issuers which have inadequate scoring according to the Freedom House Index.

Finally, the Fund excludes from its portfolio companies that fail to improve on the integrated PAIs described above after engagement. Companies could be removed from the exclusion list after they show improvement on the relevant PAIs.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy can be summarized as follows:

- the exclusion of certain sectors and companies described in the investment strategy of this annex (see above);
- the exclusion of companies rated B under proprietary methodology; and
- the commitment to exclude companies failing to improve on the PAIs considered after engagement.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Not applicable.

● **What is the policy to assess good governance practices of the investee companies?**

Governance is assessed regularly as part of the Investment Manager's fundamental analysis.

To score corporate governance, the Investment Manager uses a combination of quantitative metrics (such as compensation details, diversity and inclusion metrics, controversy metrics) and qualitative assessments (board independence, board composition, existence of dual class shares).

The Investment Manager further incorporates other qualitative factors such as capital allocation, research and development success, crisis management, acquisition history, and communication with investors.

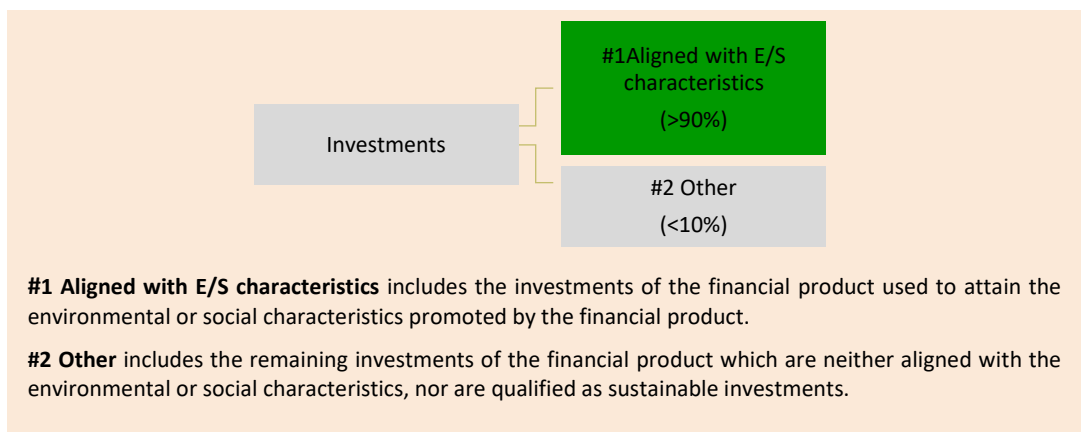
Certain governance related controversies (e.g., concerns regarding executive compensation or perceived lack of independence of board directors) could result in a company being un-investable by our standards despite strong fundamentals or other metrics.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation planned for this financial product?

The Investment Manager employs a binding proprietary ESG methodology which is applied to at least 90% of the Fund's portfolio to determine a company's profile on relevant ESG issues. At least 90% of the Fund's portfolio is aligned with environmental and/or social characteristics promoted by the Fund. the remaining portion of it (<10%), mainly consisting of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) is not aligned with the promoted characteristics.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

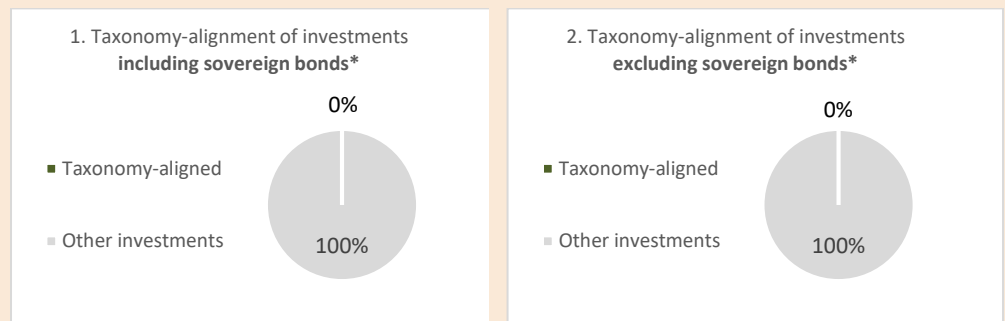
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● What is the minimum share of investments in transitional and enabling activities?

Not applicable.



What is the minimum share of sustainable investments with an environmental objective that do not align with the EU Taxonomy?

Not applicable.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" investments, constituting up to 10% of the portfolio, may include investments in liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund or investments for which there is insufficient data for them to be considered ESG-related investment. Due to the neutral nature of the asset, no minimum safeguards have been put in place.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/4913/Z/franklin-u-s-opportunities-fund/LU0109391861>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/4913

Templeton Asian Bond Fund

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds - Templeton Asian Bond Fund (the "Fund")

Legal entity identifier: M2HMB6S3E6TLVJD11L40

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes broad environmental and/or social characteristics, which vary by composition of the portfolio and *inter alia* include :

- **for sovereign issuers:** actions around resource insecurity, extreme weather risk, unsustainable environmental practices, social cohesion & stability, infrastructure, health security, labour, human capital and demographics, and
- **for corporate issuers :** actions around climate change, natural capital, pollution & waste, environmental opportunities, human capital, product liability, stakeholder opposition, and social opportunities.

In relation to **sovereign issuers** in its portfolio, the Investment Manager seeks to attain these characteristics by using a proprietary environmental, social and governance ("ESG") index, the Templeton Global Macro ESG Index (the "TGM-ESGI") to:

- screen out government bonds of the poorest performing countries in each of the ESG categories until the exclusions reach 10% of the Fund's investment universe dedicated to sovereign bonds; and
- commit to a weighted average base ESG score of the sovereign bonds (including supranational bonds and also the notional value of net long positions in related derivatives) in the Fund's portfolio to be higher than the average ESG score of the investment universe dedicated to sovereign bonds.

- In relation to corporate issuers in its portfolio, the Investment Manager seeks to attain these characteristics by using MSCI ESG ratings to screen out corporate debt of issuers that are in the bottom 10% based on MSCI ESG ratings and exclude them from the Fund's investment universe dedicated to corporate bonds;
- commit to a weighted average base ESG score of the corporate issuers in the Fund's portfolio to be higher than the base ESG score of the investment universe dedicated to corporate bonds.

The portion of the investment universe dedicated to sovereign bonds of the Fund's portfolio has been constructed based on a universe of sovereign issuers with historic data of bond issuance in the given geographical region, and excluding issuers from countries:

- with no current debt outstanding;
- recorded as sanctioned by the United States Office of Foreign Assets Control (the "US OFAC"), the European Union (the "EU") or the United Nations (the "UN");
- which do not have any debt in issuance denominated in euro or US dollar and does not have a local custodian entity meeting the legal and regulatory requirements applicable to the Fund and its custody partners; and
- any country where foreign ownership of sovereign bonds is not permitted or not reasonably practicable due to legal or regulatory restrictions.

The portion of investment universes dedicated to supranational and corporate bonds of the Fund's portfolio is constructed by issuers that have MSCI ESG ratings.

The Fund does not use a reference benchmark to which it aligns the environmental and/or social characteristics that the Fund promotes.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- the share of sovereign issuers and companies having exposure to, or ties with the sectors and the additional exclusions further described below; and
- the ESG score difference between the Fund's portfolio and the investment universe.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Not applicable.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

The following principal adverse impacts (the "PAIs") are considered **for sovereign and supranational issuers**:

- **greenhouse gas emissions**; and
- **social violations**.

Greenhouse gas emissions of investee countries are monitored through greenhouse gas intensity Scope 1 data points.

Social violations by the investee countries, are monitored as part of the TGM-ESGI, where the Investment Manager reviews institutional strength, social cohesion and stability and income equality among others. This is in addition to explicitly excluding countries subject to international sanctions, including those imposed by the UN, EU or US OFAC.

The following PAIs are considered **for corporate issuers**:

- **violations of the United Nations Global Compact principles (the "UNGC Principles") or Organisation for Economic Co-operation and Development (the "OECD") Guidelines for Multinational Enterprises;**
- **exposure to controversial weapons; and**
- **revenues from fossil fuels.**

For corporate bonds, the Investment Manager aggregates and documents the relevant PAIs indicators and assesses corporate performance against industry peers as well as the trend and probability of adverse impacts.

Violations of UNGC Principles or OECD Guidelines for Multinational Enterprises

The Fund excludes from its portfolio investments in companies which have been involved in violations of UNGC Principles or OECD Guidelines for Multinational Enterprises.

Exposure to controversial weapons

The Fund excludes from its portfolio investments in companies involved in the manufacture or selling of cluster munitions, antipersonnel land mines and biological, chemical and nuclear weapons.

Revenues from fossil fuels

The Fund excludes from its portfolio investments in companies that derive more than 30% of their revenues from fossil fuels.

More information on how the Investment Manager considers its PAIs may be found in the periodic reporting of the Fund.

No



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

For sovereign issuers, the Fund employs a proprietary ESG rating methodology, the TGM-ESGI to assess each country that issues sovereign bonds that are current or potential investments for the Fund. The Investment Manager's methodology captures not only a country's current ESG score based on a variety of subcategories but more importantly, any expected improvement or deterioration in the country's ESG practices. The Investment Manager believes that this two-pronged test potentially best represents the investment worthiness of a country and also assists in potentially providing capital to countries that are expected to improve from an ESG perspective.

The TGM-ESGI contains environmental and social indices that measure resource insecurity, extreme weather risk, unsustainable practices, social cohesion and stability, human capital, labour and demographics among other factors, along with governance factors such as institutional strength and corruption and transparency.

As an initial step in its methodology, the Investment Manager scores each country that issues sovereign debt that may be potential investments for the Fund on a scale of 0–100 (100 being the highest) in various ESG subcategories that the Investment Manager has determined to have a significant impact on macroeconomic conditions.

Within the ESG subcategories, the methodology leverages baseline rankings from a set of recognized global data providers. After this, the subcategory scores are tallied into a total ESG score by grouping them into their respective ESG categories, and equal weighting those three overarching categories (i.e., a 33% weighting for environmental, 33% for social and 33% for governance).

The Investment Manager then uses internal proprietary research as a forward-looking overlay on those baseline current scores, to assess whether the Investment Manager expects countries to improve or deteriorate in each of the subcategories over the next two to three years. These conclusions form projected TGM-ESGI scores

Projected scores in anticipation of how conditions change in the medium term are emphasized as part of the research process.

At time of purchase, issuers with current TGM-ESGI scores below the median of the investment universe must have projected neutral to improving ESG ratings. The Investment Manager is not allowed to make a new investment or actively add to an existing investment where the issuer has a TGM-ESGI score below the median and exhibits negative momentum.

Of the remaining investment universe, government bonds of the poorest performing countries in each of the ESG categories based on current scores are excluded from investment until the exclusions reach 10% of the respective investment universe.

The ESG methodology is applied to 100% of the sovereign debt holdings in the Fund's portfolio and is binding for the portfolio construction.

For supranational issuers, the Fund utilizes ESG ratings provided by MSCI and restates those ratings to correspond to a scale of 0–100 (100 being the highest).

The ESG methodology is applied to 100% of the supranational debt holdings in the Fund's portfolio and is binding for the portfolio construction.

For corporate issuers, the Fund utilizes ESG ratings provided by MSCI and restates those ratings to correspond to a scale of 0–100 (100 being the highest). The weighted average score of all corporate positions/issuers in the Fund's portfolio must be above the average score of the MSCI ESG Rated corporate universe.

The ESG methodology is applied to 100% of the corporate debt holdings in the Fund's portfolio and is binding for the portfolio construction.

Corporate debt of issuers that are in the bottom 10% based on MSCI ESG ratings are excluded from the Fund's investment universe.

The weighted average base ESG score of the sovereigns (including supranational bonds) in the Fund's portfolio is higher than the average base ESG score of the sovereign investment universe and the weighted average base ESG score of the corporate issuers in the Fund's portfolio is higher than the base ESG score of the corporate investment universe.

For the purpose of this calculation, the ESG scores for supranational issuers apply towards the Fund's weighted average sovereign ESG score.

The TGM-ESGI subcategories and global reference indices used for scoring are reviewed at least bi-annually and may change over time. However, the overall weightings remain one third for each ESG category.

The Investment Manager monitors sovereign, supranational or corporate issuers of a bond, currency, or derivative thereof that present meaningful deteriorating current or projected scores, with a view to evaluate the potential divestment that demonstrate no improvement over time. The evaluation is done on a case-by-case basis.

If the sovereign or corporate issuer of a bond, currency, or derivative thereof, which is held in the portfolio, falls into the 10% list of excluded issuers, the Investment Manager takes all reasonable means to divest from the security within 6 months. Where divestment of such a position is not feasible within this timeframe due to legal or regulatory restrictions or exceptional market circumstances, the Investment Manager shall aim to reduce the position as soon as reasonably practicable or legally permissible, as the case may be.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy, which are not at the discretion of the Investment Manager, can be summarized as follows:

- the exclusion of countries and issuers that are subject to international economic sanctions, including sanctions imposed by the UN, the EU or the US OFAC are excluded from the Fund's investment universe;
- the exclusion of government bonds of the poorest performing countries in each of the ESG categories based on current proprietary country scores until the exclusions reach 10% of the Fund's investment universe dedicated to sovereign bonds;
- the exclusion of corporate debt of issuers that are in the bottom 10% based on MSCI ESG ratings;
- the commitment to have a weighted average base ESG score of the sovereign bonds (including supranational bonds and also the notional value of net long positions in related derivatives) in the Fund's portfolio higher than the average base ESG score of the investment universe dedicated to sovereign bonds; and
- the commitment to have a weighted average base ESG score of the corporate bonds in the Fund's portfolio higher than the average base ESG score of the investment universe dedicated to corporate bonds.

For the purpose of restricting the investment universe, exclusions based on countries subject to international sanctions are applied first. The exclusion of countries with the weakest ESG scores is applied to the remaining investment universe.

Exclusions of the weakest scoring countries occurs sequentially, beginning with the removal of the poorest scoring country according to TGM-ESGI's environmental score, then the country within the remaining universe with the weakest social score, and finally the country with the weakest governance score is removed. This process is repeated until 10% of the universe has been excluded.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Government bonds of the poorest performing countries in each of the ESG categories based on current scores are excluded from investment until the exclusions reach 10% of the Fund's investment universe dedicated to sovereign bonds.

Corporate issuers that are in the bottom 10% based on MSCI ESG ratings are excluded from the Fund's investment universe dedicated to corporate bonds.

● **What is the policy to assess good governance practices of the investee companies?**

Although the Fund primarily invests in government bonds, sovereign governance is assessed and monitored as part of the investment management process.

Issuers that are subject to international economic sanctions, including sanctions imposed by the UN, the EU or the US OFAC are excluded from the Fund's investment universe.

Remaining issuers are assessed according to their effectiveness of governance, policy mix and reform-mindedness, corruption and transparency, institutional strength, and business climate. These assessments are aggregated to provide an overall governance score for each issuer in the investment universe.

Thereafter, the investment process excludes the government bonds of the poorest performing countries in each of the ESG categories, based on proprietary scores. This ensures that countries with unacceptably weak governance process are not considered for investment.

Sovereign governance is regularly assessed and monitored as part of the process. The Investment Manager maintains contacts with governments, central banks and other institutions at various levels. On a frequent basis, discussions are held particularly around governance and economic best practices, and in those meetings the Investment Manager shares its views while also trying to better understand government stances on economic policies and governance, as well as sustainability and social topics to facilitate the investment decision making.

Corporate governance is regularly assessed and monitored as part of the process. The Investment Manager screens the companies to identify securities which fail the UNGC Principles and OECD Guidelines for Multinational Enterprises and are flagged as controversies by MSCI. Those companies are then excluded from the Fund's portfolio.

What is the asset allocation planned for this financial product?

The Investment Manager employs a binding proprietary ESG methodology which is applied to at least 75% of the portfolio of the Fund. Derivatives may also be used for investment, hedging, or efficient portfolio management. The ESG methodology applies to the notional value of the derivatives used to gain long exposures to interest rates (duration), currency positions, or credit exposures. At least 75% of the Fund's portfolio is aligned with environmental and/or social characteristics promoted by the Fund, and a maximum of 25% of the Fund's portfolio may be set aside, as indicated in the following graph with "#2 Others". It includes liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for liquidity purposes that, by their nature, cannot be aligned with the environmental and/or social characteristics promoted by the Fund.

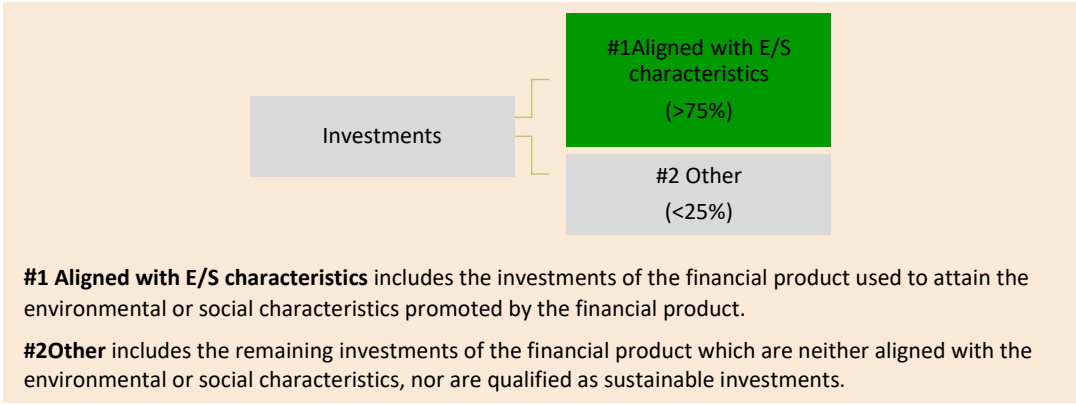


Asset allocation describes the share of investments in specific assets.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The ESG methodology is applied to the notional value of derivatives used to gain long exposure to interest rates (duration), currency positions, or credit spreads.

Notional value for long positions is counted towards the scoring.



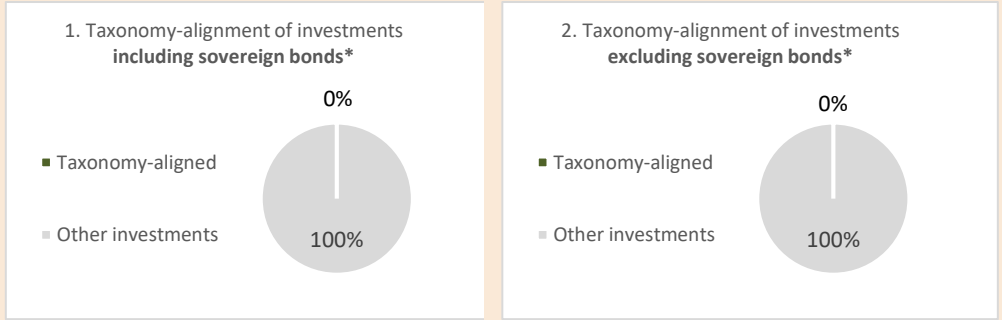
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.


The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The “#2 Other” investments include investments in liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund and/or to serve as collateral for derivatives, and undertakings for collective investment in transferable securities and undertakings for collective investment for liquidity management purposes.

No minimum environmental and/or social safeguards have been put in place.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/4344/A/templeton-asian-bond-fund/LU0229950067>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/4344

Templeton Emerging Markets Bond Fund

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds – Templeton Emerging Markets Bond Fund (the "Fund")

Legal entity identifier: HEP77YQWMX55OZ6FJE32

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

 No

<p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___%</p> <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%</p>	<p><input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments</p> <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p>
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Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes broad environmental and/or social characteristics which vary by composition of the portfolio and *inter alia* include :

- **for sovereign issuers:** actions around resource insecurity, extreme weather risk, unsustainable environmental practices, social cohesion & stability, infrastructure, health security, labour, human capital and demographics, and
- **for corporate issuers :** actions around climate change, natural capital, pollution & waste, environmental opportunities, human capital, product liability, stakeholder opposition, and social opportunities.

In relation to **sovereign issuers** in its portfolio, the Investment Manager seeks to attain these characteristics by using a proprietary environmental, social and governance ("ESG") index, the Templeton Global Macro ESG Index (the "TGM-ESGI") to:

- screen out government bonds of the poorest performing countries in each of the ESG categories until the exclusions reach 10% of the Fund's investment universe dedicated to sovereign bonds;
- commit to a weighted average base ESG score of the sovereign bonds (including supranational bonds and also the notional value of net long positions in related derivatives) in the Fund's portfolio to be higher than the average ESG score of the investment universe dedicated to sovereign bonds.

In relation to **corporate issuers** in its portfolio, the Investment Manager seeks to attain these characteristics by using MSCI ESG ratings to:

- screen out corporate debt of issuers that are in the bottom 10% based on MSCI ESG ratings and exclude them from the Fund's investment universe dedicated to corporate bonds; and
- commit to a weighted average base ESG score of the corporate issuers in the Fund's portfolio to be higher than the base ESG score of the investment universe dedicated to corporate bonds.

The portion of the investment universe dedicated to sovereign bonds of the Fund's portfolio has been constructed based on a universe of sovereign issuers with historic data of bond issuance in the given geographical region, and excluding issuers from countries:

- with no current debt outstanding;
- recorded as sanctioned by the United States Office of Foreign Assets Control (the "US OFAC"), the European Union (the "EU") or the United Nations (the "UN");
- which do not have any debt in issuance denominated in euro or US dollar and does not have a local custodian entity meeting the legal and regulatory requirements applicable to the Fund and its custody partners; and
- any country where foreign ownership of sovereign bonds is not permitted or not reasonably practicable due to legal or regulatory restrictions.

The portion of investment universes dedicated to supranational and corporate bonds of the Fund's portfolio is constructed by issuers that have MSCI ESG ratings.

No reference benchmark has been designated to attain the environmental and/or social characteristics promoted.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- the shares of sovereign issuers and companies having exposure to, or ties with the sectors and the additional exclusions further described below; and
- the ESG score difference between the Fund's portfolio and the investment universe.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Not applicable.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

The following principal adverse impacts (the "PAIs") are considered **for sovereign and supranational issuers**:

- **greenhouse gas emissions**; and
- **social violations**.

Greenhouse gas emissions of investee countries are monitored through greenhouse gas intensity Scope 1 data points.

Social violations by the investee countries, are monitored as part of the TGM-ESGI, where the Investment Manager reviews institutional strength, social cohesion and stability and income equality among others. This is in addition to explicitly excluding countries subject to international sanctions, including those imposed by the UN, EU or US OFAC.

The following PAIs are considered **for corporate issuers**:

- **violations of the United Nations Global Compact principles (the "UNGC Principles") or Organisation for Economic Co-operation and Development (the "OECD") Guidelines for Multinational Enterprises**;
- **exposure to controversial weapons**; and
- **revenues from fossil fuels**.

For corporate bonds, the Investment Manager aggregates and documents the relevant PAIs indicators and assesses corporate performance against industry peers as well as the trend and probability of adverse impacts.

Violations of UNGC Principles or OECD Guidelines for Multinational Enterprises

The Fund excludes from its portfolio investments in companies which have been involved in violations of UNGC Principles or OECD Guidelines for Multinational Enterprises.

Exposure to controversial weapons

The Fund excludes from its portfolio investments in companies involved in the manufacture or selling of cluster munitions, antipersonnel land mines and biological, chemical and nuclear weapons.

Revenues from fossil fuels

The Fund excludes from its

portfolio investments in companies that derive more than 30% of their revenues from fossil fuels.

More information on how the Investment Manager considers its PAIs may be found in the periodic reporting of the Fund.

No



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

For sovereign issuers, the Fund employs a proprietary ESG rating methodology, the TGM-ESGI to assess each country that issues sovereign bonds that are current or potential investments for the Fund. The Investment Manager's methodology captures not only a country's current ESG score based on a variety of subcategories but more importantly, any expected improvement or deterioration in the country's ESG practices. The Investment Manager believes that this two-pronged test

potentially best represents the investment worthiness of a country and also assists in potentially providing capital to countries that are expected to improve from an ESG perspective.

The TGM-ESGI contains environmental and social indices that measure resource insecurity, extreme weather risk, unsustainable practices, social cohesion and stability, human capital, labour and demographics among other factors, along with governance factors such as institutional strength and corruption and transparency.

As an initial step in its methodology, the Investment Manager scores each country that issues sovereign debt that may be potential investments for the Fund on a scale of 0–100 (100 being the highest) in various ESG subcategories that the Investment Manager has determined to have a significant impact on macroeconomic conditions.

Within the ESG subcategories, the methodology leverages baseline rankings from a set of recognized global data providers. After this, the subcategory scores are tallied into a total ESG score by grouping them into their respective ESG categories, and equal weighting those three overarching categories (i.e., a 33% weighting for environmental, 33% for social and 33% for governance).

The Investment Manager then uses internal proprietary research as a forward-looking overlay on those baseline current scores, to assess whether the Investment Manager expects countries to improve or deteriorate in each of the subcategories over the next two to three years. These conclusions form projected TGM-ESGI scores

Projected scores in anticipation of how conditions change in the medium term are emphasized as part of the research process.

At time of purchase, issuers with current TGM-ESGI scores below the median of the investment universe must have projected neutral to improving ESG ratings. The Investment Manager is not allowed to make a new investment or actively add to an existing investment where the issuer has a TGM-ESGI score below the median and exhibits negative momentum.

Of the remaining investment universe, government bonds of the poorest performing countries in each of the ESG categories based on current scores are excluded from investment until the exclusions reach 10% of the respective investment universe.

The ESG methodology is applied to 100% of the sovereign debt holdings in the Fund's portfolio and is binding for the portfolio construction.

For supranational issuers, the Fund utilizes ESG ratings provided by MSCI and restates those ratings to correspond to a scale of 0–100 (100 being the highest).

The ESG methodology is applied to 100% of the supranational debt holdings in the Fund's portfolio and is binding for the portfolio construction.

For corporate issuers, the Fund utilizes ESG ratings provided by MSCI and restates those ratings to correspond to a scale of 0–100 (100 being the highest). The weighted average score of all corporate positions/issuers in the Fund's portfolio must be above the average score of the MSCI ESG Rated corporate universe.

The ESG methodology is applied to 100% of the corporate debt holdings in the Fund's portfolio and is binding for the portfolio construction.

Corporate debt of issuers that are in the bottom 10% based on MSCI ESG ratings are excluded from the Fund's investment universe.

The weighted average base ESG score of the sovereigns (including supranational bonds) in the Fund's portfolio is higher than the average base ESG score of the sovereign investment universe and the weighted average base ESG score of the corporate issuers in the Fund's portfolio is higher than the base ESG score of the corporate investment universe.

For the purpose of this calculation, the ESG scores for supranational issuers apply towards the Fund's weighted average sovereign ESG score.

The TGM-ESGI subcategories and global reference indices used for scoring are reviewed at least bi-annually and may change over time. However, the overall weightings remain one third for each ESG category.

The Investment Manager monitors sovereign, supranational or corporate issuers of a bond, currency, or derivative thereof that present meaningful deteriorating current or projected scores, with a view to evaluate the potential divestment that demonstrate no improvement over time. The evaluation is done on a case-by-case basis.

If the sovereign or corporate issuer of a bond, currency, or derivative thereof, which is held in the portfolio, falls into the 10% list of excluded issuers, the Investment Manager takes all reasonable means to divest from the security within 6 months. Where divestment of such a position is not feasible within this timeframe due to legal or regulatory restrictions or exceptional market circumstances, the Investment Manager shall aim to reduce the position as soon as reasonably practicable or legally permissible, as the case may be.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy, which are not at the discretion of the Investment Manager, can be summarized as follows:

- the exclusion of countries and issuers that are subject to international economic sanctions, including sanctions imposed by the UN, the EU or the US OFAC are excluded from the Fund's investment universe;
- the exclusion of government bonds of the poorest performing countries in each of the ESG categories based on current proprietary country scores until the exclusions reach 10% of the Fund's investment universe dedicated to sovereign bonds;
- the exclusion of corporate debt of issuers that are in the bottom 10% based on MSCI ESG ratings;
- the commitment to have a weighted average base ESG score of the sovereign bonds (including supranational bonds and also the notional value of net long positions in related derivatives) in the Fund's portfolio higher than the average base ESG score of the investment universe dedicated to sovereign bonds; and
- the commitment to have a weighted average base ESG score of the corporate bonds in the Fund's portfolio higher than the average base ESG score of the investment universe dedicated to corporate bonds.

For the purpose of restricting the investment universe, exclusions based on countries subject to international sanctions are applied first. The exclusion of countries with the weakest ESG scores is applied to the remaining investment universe.

Exclusions of the weakest scoring countries occurs sequentially, beginning with the removal of the poorest scoring country according to TGM-ESGI's environmental score, then the country within the remaining universe with the weakest social score, and finally the country with the weakest governance score is removed. This process is repeated until 10% of the universe has been excluded.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Government bonds of the poorest performing countries in each of the ESG categories based on current scores are excluded from investment until the exclusions reach 10% of the Fund's investment universe dedicated to sovereign bonds.

Corporate issuers that are in the bottom 10% based on MSCI ESG ratings are excluded from the Fund's investment universe dedicated to corporate bonds.

● **What is the policy to assess good governance practices of the investee companies?**

Although the Fund primarily invests in government bonds, sovereign governance is assessed and monitored as part of the investment management process.

Issuers that are subject to international economic sanctions, including sanctions imposed by the UN, the EU or the US OFAC are excluded from the Fund's investment universe.

Remaining issuers are assessed according to their effectiveness of governance, policy mix and reform-mindedness, corruption and transparency, institutional strength, and business climate. These assessments are aggregated to provide an overall governance score for each issuer in the investment universe.

Thereafter, the investment process excludes the government bonds of the poorest performing countries in each of the ESG categories, based on proprietary scores. This ensures that countries with unacceptably weak governance process are not considered for investment.

Sovereign governance is regularly assessed and monitored as part of the process. The Investment Manager maintains contacts with governments, central banks and other institutions at various levels. On a frequent basis, discussions are held particularly around governance and economic best practices, and in those meetings the Investment Manager shares its views while also trying to better understand government stances on economic policies and governance, as well as sustainability and social topics to facilitate the investment decision making.

Corporate governance is regularly assessed and monitored as part of the process. The Investment Manager screens the companies to identify securities which fail the UNGC Principles and OECD Guidelines for Multinational Enterprises and are flagged as controversies by MSCI. Those companies are then excluded from the Fund's portfolio.

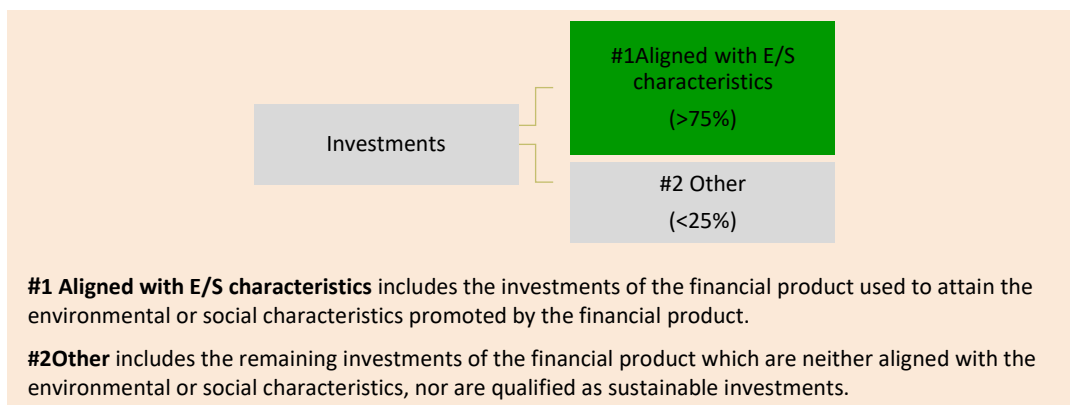
What is the asset allocation planned for this financial product?

The Investment Manager employs a binding proprietary ESG methodology which is applied to at least 75% of the portfolio of the Fund. Derivatives may also be used for investment, hedging, or efficient portfolio management. The ESG methodology applies to the notional value of the derivatives used to gain long exposures to interest rates (duration), currency positions, or credit exposures. At least 75% of the Fund's portfolio is aligned with environmental and/or social characteristics promoted by the Fund, and a maximum of 25% of the Fund's portfolio may be set aside, as indicated in the following graph with "#2 Others". It includes liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds)

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Asset allocation describes the share of investments in specific assets.

held for liquidity purposes that, by their nature, cannot be aligned with the environmental and/or social characteristics promoted by the Fund.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The ESG methodology is applied to the notional value of derivatives used to gain long exposure to interest rates (duration), currency positions, or credit spreads.

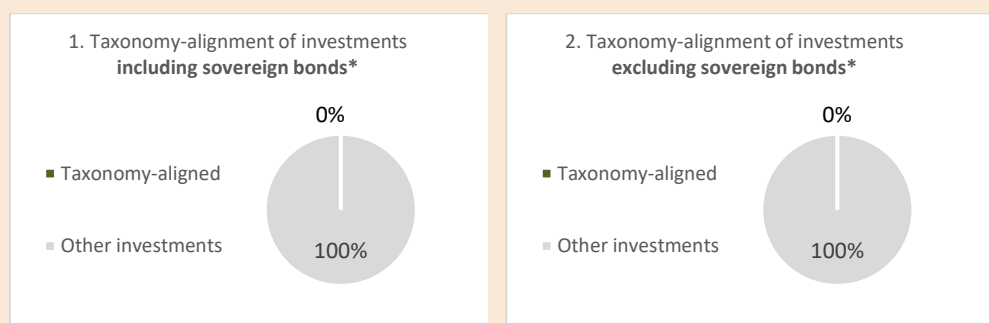
Notional value for long positions is counted towards the scoring.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" investments include investments in liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund and/or to serve as collateral for derivatives, and undertakings for collective investment in transferable securities and undertakings for collective investment for liquidity management purposes.

No minimum environmental and/or social safeguards have been put in place.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.




Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/500/A/templeton-emerging-markets-bond-fund/LU0029876355>

Specific disclosure [required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/500](https://www.franklintempleton.lu/500)

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

Templeton Emerging Markets Local Currency Bond Fund

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds – Templeton Emerging Markets Local Currency Bond Fund (the "Fund")

Legal entity identifier: 549300JZLKKHCV5C9G20

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ____% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ____%	<input checked="" type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes broad environmental and/or social characteristics which vary by composition of the portfolio and inter alia include :

- for **sovereign issuers**: actions around resource insecurity, extreme weather risk, unsustainable environmental practices, social cohesion & stability, infrastructure, health security, labour, human capital and demographics, and
- for **corporate issuers** : actions around climate change, natural capital, pollution & waste, environmental opportunities, human capital, product liability, stakeholder opposition, and social opportunities.

In relation to **sovereign issuers** in its portfolio, the Investment Manager seeks to attain these characteristics by using a proprietary environmental, social and governance ("ESG") rating methodology, the Templeton Global Macro ESG Index (the "TGM-ESGI") to:

- screen out government bonds of the poorest performing countries in each of the ESG categories until the exclusions reach 10% of the Fund's investment universe dedicated to sovereign bonds; and
- commit to a weighted average base ESG score of the sovereign bonds (including supranational bonds and also the notional value of net long positions in related derivatives) in the Fund's portfolio to be higher than the average base ESG score of the investment universe dedicated to sovereign bonds.

In relation to corporate issuers in its portfolio, the Investment Manager seeks to attain these characteristics by using MSCI ESG ratings to:

- screen out corporate debts of issuers that are in the bottom 10% based on MSCI ESG ratings and exclude them from the Fund's investment universe dedicated to corporate bonds; and
- commit to a weighted average base ESG score of the corporate issuers in the Fund's portfolio to be higher than the base ESG score of the investment universe dedicated to corporate bonds.

The portion of the investment universe dedicated to sovereign bonds of the Fund's portfolio has been constructed based on a universe of sovereign issuers with historic data of bond issuance, and excluding issuers from countries:

- with no current debt outstanding;
- recorded as sanctioned by the United States Office of Foreign Assets Control (the "US OFAC"), the European Union (the "EU") or the United Nations (the "UN");
- which do not have any debt in issuance denominated in Euro or US dollar and does not have a local custodian entity meeting the legal and regulatory requirements applicable to the Fund and its custody partners; and
- any country where foreign ownership of sovereign bonds is not permitted or not reasonably practicable due to legal or regulatory restrictions.

The portion of the investment universe dedicated to supranational bonds and corporate bonds of the Fund's portfolio is constructed by issuers that have MSCI ESG ratings.

In addition, the Fund promotes positive environmental outcomes by investing at least 5% of its portfolio in green bonds, where the use of proceeds has been specified by the issuer and verified by a third party or the Investment Manager, to benefit underlying environmental projects.

The Fund does not use a reference benchmark to which it aligns the environmental and/or social characteristics that the Fund promotes.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- the share of sovereign issuers and companies having exposure to, or ties with the sectors and the additional exclusions further described below;
- the ESG score difference between the Fund's portfolio and the investment universe; and
- the percentage of investments in green bonds.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Fund invests at least 5% of its portfolio in green bonds, where the use of proceeds has been specified by the issuer, and verified by a third party or the Investment Manager, to benefit underlying environmental projects such as but not limited to:

- the efficient use of energy, raw materials, water and land;
- the production of renewable energy;
- the reduction of waste, greenhouse gas emissions and lower impact of economic activities on biodiversity; and
- the development of circular economy.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

For sovereign issuers, the relevant principal adverse impacts (the "PAIs") on social violations are assessed through a proprietary responsibility index that incorporates indicators on global cooperation, human rights, and civil liberties among others. For every sustainable investment targeted by the Investment Manager, an assessment of the materiality of PAIs to the underlying investment is made, documented and the probability of adverse impact is estimated. After this assessment, the Investment Manager determines whether an investment has no, low, moderate, severe or very severe adverse impact. The Investment Manager does not make investments that fall in the severe/very severe category, and if an existing investment falls into the severe/very severe category, the Investment Manager takes all reasonable means to divests of the security within 6 months. Where divestment of such a position is not feasible within this timeframe due to legal or regulatory restrictions or exceptional market circumstances, the Investment Manager shall aim to reduce the position as soon as reasonably practicable or legally permissible, as the case may be.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

When assessing compliance of the Fund's investments with the Do No Significant Harm principles, the Investment Manager takes into account all mandatory PAI indicators of Table 1 of Annex I of the SFDR Regulatory Technical Standards ("RTS"), to the extent they are relevant for the investments contemplated by the Fund and other data points deemed by the Investment Manager as proxies for adverse impact. The Investment Manager performs this analysis at the level of each sustainable investment so that the relevance and materiality of the PAI indicators may vary across investments. Issuers deemed to be in breach of these indicators will not qualify as sustainable investments. While assessing eligible green bonds, the Investment Manager reviews and documents the materiality of PAIs for the project. For example, while investing in a green bond whose use of proceeds targets the roll out of renewable energy sources, the Investment Manager ascertains that financed projects are likely to have a positive impact on greenhouse gas intensity of a national economy.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The sustainable investments issued by corporate issuers are aligned with the Organisation for Economic Cooperation and Development (the "OECD") Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Alignment is monitored using data from MSCI, which is hard coded into the compliance information and technology system of the Investment Managers. Exclusions and restrictions based on ESG scores and other criteria are coded into the system of the Investment Managers for both pre-trade flagging and ongoing compliance monitoring. The system flags potential breaches for subsequent investigation by the Investment Managers.

Where due diligence proves that the corporate issuer is not aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, such issuer does not qualify as sustainable investment and it is deemed un-investible.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

✘ Yes,

The following principal adverse impacts (PAIs) are considered **for sovereign and supranational issuers**:

- **greenhouse gas emissions; and**
- **social violations.**

Greenhouse gas emissions of investee countries are monitored through greenhouse gas intensity Scope 1 data points.

Social violations by the investee countries, are monitored as part of the TGM-ESGI, where the Investment Manager reviews institutional strength, social cohesion and stability and income equality among others. This is in addition to explicitly excluding countries subject to international sanctions, including those imposed by the UN, EU or US OFAC.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The following PAIs are considered **for corporate issuers**:

- **violations of the United Nations Global Compact principles (the "UNGC Principles") or Organisation for Economic Co-operation and Development (the "OECD") Guidelines for Multinational Enterprises;**
- **exposure to controversial weapons; and**
- **revenues from fossil fuels.**

For corporate bonds, the Investment Manager aggregates and documents the relevant PAIs indicators and assesses corporate performance against industry peers as well as the trend and probability of adverse impacts.

Violations of UNGC Principles or OECD Guidelines for Multinational Enterprises

The Fund excludes from its portfolio investments in companies which have been involved in violations of UNGC Principles or OECD Guidelines for Multinational Enterprises.

Exposure to controversial weapons

The Fund excludes from its portfolio investments in companies involved in the manufacture or selling of cluster munitions, antipersonnel land mines and biological, chemical and nuclear weapons.

Revenues from fossil fuels

The Fund excludes from its portfolio investments in companies that derive more than 30% of their revenues from fossil fuels.

More information on how the Investment Manager considers their PAIs may be found in the periodic reporting of the Fund.

No



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

For sovereign issuers, the Fund employs a proprietary ESG rating methodology, the TGM-ESGI to assess each country that issues sovereign bonds that are current or potential investments for the Fund. The Investment Manager's methodology captures not only a country's current ESG score based on a variety of subcategories but more importantly, any expected improvement or deterioration in the country's ESG practices. The Investment Manager believes that this two-pronged test potentially best represents the investment worthiness of a country and also assists in potentially providing capital to countries that are expected to improve from an ESG perspective. The TGM-ESGI contains environmental and social indices that measure resource insecurity, extreme weather risk, unsustainable practices, social cohesion and stability, human capital, labour and demographics among other factors, along with governance factors such as institutional strength and corruption and transparency.

As an initial step in its methodology, the Investment Manager scores each country that issues sovereign debt that may be potential investments for the Fund on a scale of 0100 (100 being the highest) in various ESG subcategories that the Investment Manager has determined to have a significant impact on macroeconomic conditions.

Within the ESG subcategories, the methodology leverages baseline rankings from a set of recognized global data providers. After this, the subcategory scores are tallied into a total ESG score by grouping them into their respective ESG categories, and equal weighting those three overarching categories (i.e., a 33% weighting for environmental, 33% for social and 33% for governance).

The Investment Manager then uses internal proprietary research as a forward-looking overlay on those baseline current scores, to assess whether the Investment Manager expects countries to improve or deteriorate in each of the subcategories over the next two to three years. These conclusions form projected TGM-ESGI scores.

Projected scores in anticipation of how conditions change in the medium term are emphasized as part of the research process.

At time of purchase, issuers with current TGM-ESGI scores below the median of the investment universe must have projected neutral to improving ESG ratings. The Investment Manager is not allowed to make a new investment or actively add to an existing investment where the issuer has a TGM-ESGI score below the median and exhibits negative momentum.

Of the remaining investment universe, government bonds of the poorest performing countries in each of the ESG categories based on current scores are excluded from investment until the exclusions reach 10% of the respective investment universe.

The ESG methodology is applied to 100% of the sovereign debt holdings in the Fund's portfolio and is binding for the portfolio construction.

For supranational issuers, the Fund utilizes ESG ratings provided by MSCI and restates those ratings to correspond to a scale of 0 to 100 (100 being the highest).

The ESG methodology is applied to 100% of the supranational debt holdings in the Fund's portfolio and is binding for the portfolio construction.

For corporate issuers, the Fund utilizes ESG ratings provided by MSCI and restates those ratings to correspond to a scale of 0 to 100 (100 being the highest). The weighted average score of all corporate positions/issuers in the Fund's portfolio must be above the average score of the MSCI ESG rated corporate universe.

The ESG methodology is applied to 100% of the corporate debt holdings in the Fund's portfolio and is binding for the portfolio construction.

Corporate debt of issuers that are in the bottom 10% based on MSCI ESG ratings are excluded from the Fund's investment universe.

The weighted average base ESG score of the sovereign bonds (including supranational bonds) in the Fund's portfolio is higher than the average base ESG score of the sovereign investment universe and the weighted average base ESG score of the corporate issuers in the Fund's portfolio is higher than the base ESG score of the corporate investment universe.

For the purpose of this calculation, the ESG scores for supranational issuers apply towards the Fund's weighted average sovereign ESG score.

The TGM-ESGI subcategories and global reference indices used for scoring are reviewed at least bi-annually and may change over time. However, the overall weightings remain one third for each ESG category.

The Investment Manager monitors sovereign, supranational or corporate issuers of a bond, currency, or derivative thereof that present meaningful deteriorating current or projected scores, with a view to evaluate the potential divestment that demonstrate no improvement over time. The evaluation is done on a case-by-case basis.

If the sovereign or corporate issuer of a bond, currency, or derivative thereof, which is held in the portfolio, falls into the 10% list of excluded issuers, the Investment Manager takes all reasonable means to divest from the security within 6 months. Where divestment of such a position is not feasible within this timeframe due to legal or regulatory restrictions or exceptional market circumstances, the Investment Manager shall aim to reduce the position as soon as reasonably practicable or legally permissible, as the case may be.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy, which are not at the discretion of the Investment Manager, can be summarized as follows:

- the exclusion of countries and issuers that are subject to international economic sanctions, including sanctions imposed by the UN, the EU or the US OFAC;
- the exclusion of government bonds of the poorest performing countries in each of the ESG categories based on current proprietary country scores until the exclusions reach 10% of the Fund's investment universe dedicated to sovereign bonds;
- the exclusion of corporate debt of issuers that are in the bottom 10% based on MSCI ESG ratings;
- the commitment to have a weighted average base ESG score of the sovereign bonds (including supranational bonds and also the notional value of net long positions in related derivatives) in the Fund's portfolio higher than the average base ESG score of the investment universe dedicated to sovereign bonds; and
- the commitment to have a weighted average base ESG score of the corporate issuers in the Fund's portfolio higher than the base ESG score of the investment universe dedicated to corporate bonds.

For the purpose of restricting the investment universe, exclusions based on countries subject to international sanctions are applied first. The exclusion of countries with the weakest ESG scores is applied to the remaining investment universe.

Exclusions of the weakest scoring countries occurs sequentially, beginning with the removal of the poorest scoring country according to TGM-ESGI's environmental score, then the country within the remaining universe with the weakest social score, and finally the country with the weakest governance score is removed. This process is repeated until 10% of the universe has been excluded.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Government bonds of the poorest performing countries in each of the ESG categories based on current scores are excluded from investment until the exclusions reach 10% of the Fund's investment universe dedicated to sovereign bonds.

Corporate issuers that are in the bottom 10% based on MSCI ESG ratings are excluded from the Fund's investible universe dedicated to corporate bonds.

● ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Although the Fund primarily invests in government bonds, sovereign governance is assessed and monitored as part of the investment management process.

Issuers that are subject to international economic sanctions, including sanctions imposed by the UN, the EU or the US OFAC are excluded from the Fund's investment universe.

Remaining issuers are assessed according to their effectiveness of governance; policy mix and reform-mindedness; corruption and transparency; institutional strength; and business climate. These assessments are aggregated to provide an overall governance score for each issuer in the investible universe.

Thereafter, the investment process excludes the government bonds of the poorest performing countries in each of the ESG categories, based on proprietary scores. This ensures that countries with unacceptably weak governance process are not considered for investment.

Sovereign governance is regularly assessed and monitored as part of the process. The Investment Manager maintains contacts with governments, central banks and other institutions at various levels. On a frequent basis, discussions are held particularly around governance and economic best practices, and in those meetings the Investment Manager shares its views while also trying to better understand government stances on economic policies and governance, as well as sustainability and social topics to facilitate the investment decision making.

Corporate governance is regularly assessed and monitored as part of the process. The Investment Manager screens the companies to identify securities which fail the UNGC Principles and OECD Guidelines for Multinational Enterprises and are flagged as controversies by MSCI. Those companies are excluded from the Fund's portfolio.



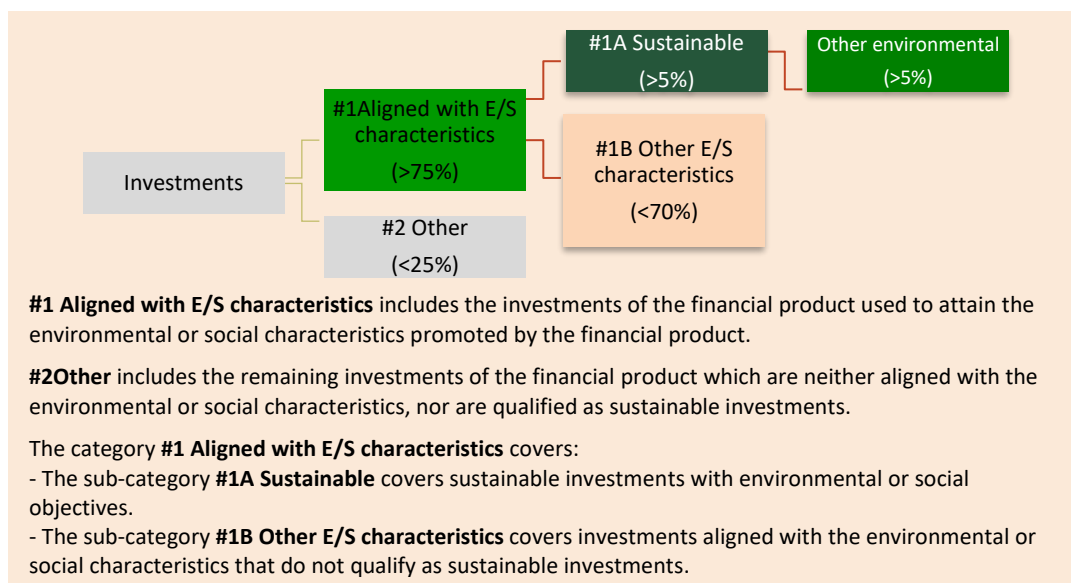
What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

The Investment Manager employs a binding proprietary ESG methodology which is applied to at least 75% of the portfolio of the Fund, including the 5% minimum investments in green bonds. Derivatives may also be used for investment, hedging, or efficient portfolio management. The ESG methodology applies to the notional value of the derivatives used to gain long exposures to interest rates (duration), currency positions, or credit exposures. At least 75% of the Fund's portfolio is aligned with environmental and/or social characteristics promoted by the Fund and at least 5% of this portion of the portfolio qualify as sustainable investment. A maximum of 25% of the Fund's portfolio may be set aside, as indicated in the following graph with "#2 Others". It includes liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for liquidity purposes that, by their nature, cannot be aligned with the environmental and/or social characteristics promoted by the Fund.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The ESG methodology is applied to the notional value of derivatives used to gain long exposure to interest rates (duration), currency positions, or credit spreads.

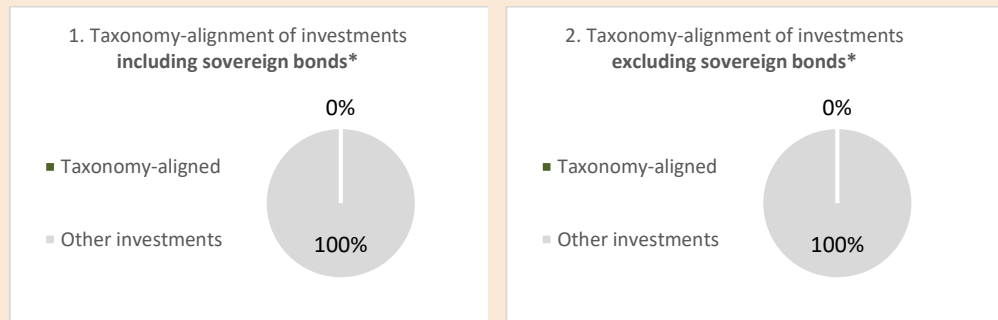
Notional value for long positions is counted towards the scoring.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund commits to having a minimum share of 5% of sustainable investments with an environmental objective not aligned with the EU Taxonomy in its portfolio. These investments are not aligned because they are not yet eligible.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The "#2 Other" investments include investments in liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund and/or to serve as collateral for derivatives, and undertakings for collective investment in transferable securities and undertakings for collective investment for liquidity management purposes.

No minimum safeguards have been put in place.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/26692/BB/templeton-emerging-markets-local-currency-bond-fund/LU1774667783>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/26692

Templeton Emerging Markets Sustainability Fund

Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds - Templeton Emerging Markets Sustainability Fund (the "Fund")

Legal entity identifier: 5493000LKEOOKH5MEX70

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective: 25%**

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective: 25%**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



What is the sustainable investment objective of this financial product?

The Fund's sustainable investment objective is capital appreciation and reorientation of capital towards sustainability through investing in companies that demonstrate positive sustainable contribution to the positive outcome areas mentioned below.

In order to achieve this objective, the Fund seeks to invest in companies located or having their principal business activities in developing or emerging nations and which contribute to a positive social and/or environmental outcome. Specifically, only companies whose products and services which are aligned to one or more of the six positive outcome areas linked to the United Nations Sustainable Development Goals (the "UN SDGs") are eligible.

The six positive outcome areas, being 3 social and 3 environmental, are:

- Basic Needs (goods and services known to contribute significantly to development);
- Wellbeing (enhanced health, education, justice and equality of opportunity for all);
- Decent Work (creation of secure, socially inclusive jobs and working conditions for all);
- Healthy Ecosystems (maintenance of ecologically sound landscapes and seas for people and nature);
- Climate Stability (solutions to curb the Earth's temperature rise); and
- Resource Security (preservation of natural resources through efficient and circular use).

The Fund also implements negative screens as part of its investment process, as further detailed in section "What investment strategy does this financial product follow?" below..

The Fund does not use a reference benchmark to attain its sustainable investment objective.

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The sustainability indicators used to measure the attainment of the sustainable investment objective are:

1. exposure to companies contributing to positive social and/or environmental outcome areas across Basic Needs, Wellbeing, Decent Work, Healthy Ecosystems, Climate Stability, and Resource Security; and
2. exposure to companies with alignment to the UN SDGs.

● ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The Do No Significant Harm (the "DNSH") assessment is integrated into the strategy through environmental, social and governance (the "ESG") minimum standards.

The Investment Managers examine negative externalities by screening for severe environmental and social controversies through third party Environmental, Social and Governance data provided by MSCI. All stocks must pass the ESG minimum standards set for DNSH i.e. they do not exhibit severe environmental or social controversies that have not been resolved or without a positive forward-looking view. Additionally, negative externalities are captured, and form part of the Fund's Intentionality pillar assessment as defined below ensure there are no severe negative environmental or social externalities.

Lastly, as part of their DNSH test for the Fund, the Investment Managers apply (i) exclusions as further described in the investment strategy section of this annex and (ii) integrate principal adverse impacts (the "PAIs") into the research process.

How have the indicators for adverse impacts on sustainability factors been taken into account?

When assessing compliance of the Fund's investments with the Do No Significant Harm principles, the Investment Manager takes into account all mandatory PAI indicators of Table 1 of Annex I of the SFDR Regulatory Technical Standards ("RTS"), to the extent they are relevant for the investments contemplated by the Fund and other data points deemed by the Investment Manager as proxies for adverse impact. The Investment Manager performs this analysis at the level of each sustainable investment so that the relevance and materiality of the PAI indicators may vary across investments. Issuers deemed to be in breach of these indicators will not qualify as sustainable investments.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The Fund does not invest in companies that, according to MSCI, do not observe the main international conventions (United Nations Global Compact Principles (the "UNGC Principles"), Organisation for Economic Cooperation and Development (the "OECD") Guidelines for Multinational Enterprises and the United Nations (the "UN") Guiding Principles on Business and Human Rights).

Exceptions can only be made after formal review of alleged violations has been carried out and where the Investment Managers either disagree with the conclusion that the company is complicit in violations of the principles of such conventions or have determined that the company has made and implemented positive changes deemed satisfactory to appropriately address the deficiency/violation. The severity of the violation, response, frequency, and nature of the involvement are considered in making a judgement on whether the company observes international conventions.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

The Fund specifically considers the following principal adverse impacts (the "PAIs"):

- **greenhouse gas emissions and greenhouse gas intensity of investee companies;**
- **UNGC Principles violations; and**
- **controversial weapons.**

As part of research process, the Investment Managers adopt a materiality-based approach to assessing PAIs through their assessment of ESG issues. Such assessment considers third party data vendors, company reports, and own engagement with management teams. The Investment Managers take a sector-relative approach to the relevance of the PAI indicators which can vary by company and industry. In addition, there are explicit consideration of the PAIs at a portfolio level as follows:

- **Greenhouse gas emissions and greenhouse gas intensity** of investee companies

For companies that have a greenhouse gas intensity that exceeds a threshold deemed acceptable by the Investment Managers and defined below, the Investment Managers engage with and monitor to encourage the company to adequately set emission reduction targets and manage their greenhouse gas emissions and/or intensity accordingly.

This threshold is set at the average greenhouse gas intensity of the Fund's benchmark. The data is reviewed on a quarterly basis and includes company's scope 1+2 emissions.

- **Violations of UNGC Principles or Organisation for Economic Co-operation and Development (the "OECD") Guidelines for Multinational Enterprises**

The Fund does not invest in companies that do not observe the main international conventions. Except for cases referred to in section above, if MSCI has deemed a company in violation of UNGC Principles, the Fund does not invest in the company.

- Exposure to **controversial weapons** (antipersonnel mines, cluster munitions, chemical weapons, and biological weapons)

In accordance with the Investment Managers' controversial weapons policy, the Fund does not invest in companies that are producers of such weapons.

More information on how the Fund considers its principal adverse impacts may be found in the periodic reporting of the Fund.

No



What investment strategy does this financial product follow?

The Fund seeks to achieve its objective through a policy of investing primarily in a diversified portfolio of equity securities of companies located or having their principal business activities in developing or emerging nations and which demonstrate good or improving sustainability criteria as defined by the Investment Managers' binding ESG rating methodology described below.

- Methodology

The Fund conducts a rigorous and holistic 3-pillar ESG assessment on each investee company which measures:

- "Alignment Pillar": the alignment of products and/or services to positive environmental and/or social outcome areas. These are companies that contribute to one or more of six social or environmental positive outcomes areas linked to the UN SDGs:
 - Basic Needs;
 - Wellbeing;
 - Decent Work;
 - Healthy Ecosystems;
 - Climate Stability; and
 - Resource Security
 Contribution is typically measured by revenue exposure or another relevant metric.

- "Intentionality Pillar": the intentionality to maintain or improve the ESG footprint of the company's operating model. The Investment Managers assess how company's practices are intended at improving or maintaining the ESG footprint of its operating model. The Investment Managers conduct a materiality based ESG assessment to

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

assign a score. The following provides examples of ESG elements taken into consideration when assessing a company:

- a. Environmental considerations include issues such as resource efficiency, carbon emissions management, waste prevention and recycling, pollution prevention and control.
- b. Social considerations include issues such as labor standards, fair wages, diversity and gender balance, health & safety practices, and product safety.
- c. Governance considerations include issues such as appropriate accounting practices, alignment of interests, board effectiveness, capital allocation, shareholder rights, and quality of disclosures.

- (iii) "Transition Pillar": the transition potential for improvement through the Investment Managers' engagement as active owners. These are targeted engagements with specific goals and objectives based on scope for improvement.

All companies in which the Fund invests undergo this 3-pillar ESG assessment and the Investment Managers assign an overall proprietary score for each company prior to investment.

A company can only be selected for the Fund if it scores a minimum percentage of net contribution on the "Alignment Pillar" as well as a minimum of A as per the 3-pillar ESG assessment (scale of CCC to AAA, AAA being the Highest).

The Fund also applies specific ESG exclusions and does not invest in companies which according to the Investment Managers analysis:

- repeatedly and/or seriously violate the UNGC Principles, without positive perspective;
- manufacture nuclear weapons or controversial weapons defined as anti-personnel mines, biological & chemical weaponry, depleted uranium, and cluster munitions or those that manufacture components intended for use in such weapons. Companies that derive more than 5% revenue from any other weapons will also be excluded;
- manufacture tobacco or tobacco products; or those that derive revenue from such products that exceeds 5%;
- derive more than 5% of their revenue from thermal coal extraction or unconventional oil & gas extraction;
- derive more than 5% of their revenue from gambling or adult entertainment;
- which appears as excluded on the Norges Bank Investment Management (NBIM) exclusion list.

The 3 pillars of this ESG assessment along with additional ESG exclusions the Fund applies filters down the investment universe by typically at least 20%. The Fund's investment universe is constituted of emerging market companies under research coverage by the investment team.

● **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The binding elements of the investment strategy can be summarized as follows:

1. the Fund only invests in companies which (i) score a minimum percentage of net contribution on the "Alignment Pillar", and (ii) score an A or above on the combined 3-pillar ESG assessment; and
2. the Fund does not invest in companies falling under the exclusion list described above.

● **What is the policy to assess good governance practices of the investee companies?**

Governance attributes are analysed as part of the fundamental analysis. Data, where available, are factored in by the analysts as part of their overall review process. Analysts complete a universal governance assessment for all companies, which could include assessments around board composition, leadership, executive pay, ownership & control, accounting, and controversies.

The Investment Managers seek to invest in companies that are good or improving stewards aligned with shareholders' interests. The Investment Managers' governance assessment includes regular dialogue with companies, monitoring of material ESG issues and voting proxies. A governance assessment is undertaken by the Investment Managers' analysts to ensure the investee companies have structures that account for the interests of minorities. This is followed up with binding criteria that a company cannot score a 'poor' in the Investment Managers' governance rating assessment. To ensure 'good' governance, the Investment Managers additionally screen for severe governance controversies through MSCI.

● **What is the asset allocation and the minimum share of sustainable investments?**

The Investment Managers employ a binding proprietary ESG methodology which is applied to at least 90% of the portfolio to determine a company's profile on relevant environmental, social, and governance issues, which constitutes the sustainable investment portion in the Fund's portfolio as illustrated in the chart below. This portion of the portfolio qualify as sustainable investments. A maximum of 10% of the portfolio's NAV may be set aside, indicated in the following graph with "#2 Not sustainable". It includes liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for liquidity purposes that, by their nature, cannot be aligned with the sustainable objective of the Fund as well as derivatives held solely for hedging purposes, (e.g intended to cover the risk of negative price movements in the market during the liquidation process of long equity positions) which do not qualify as sustainable investments..

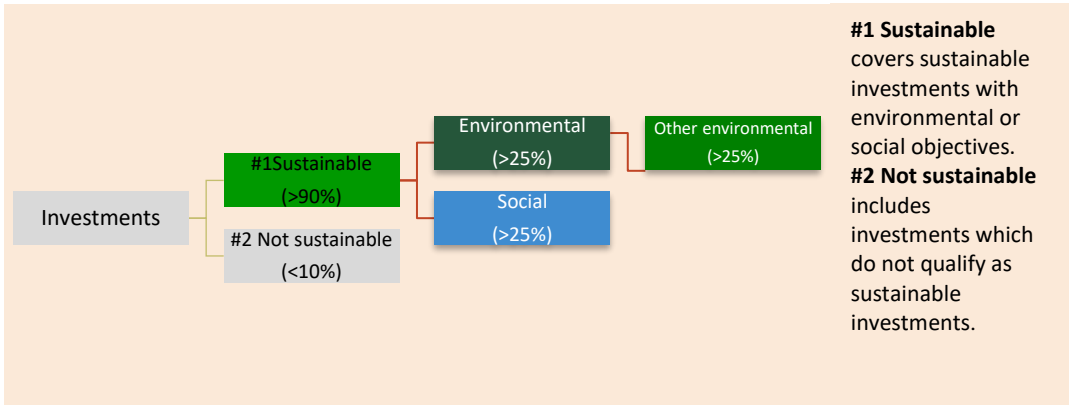
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Sustainable covers sustainable investments with environmental or social objectives.
#2 Not sustainable includes investments which do not qualify as sustainable investments.

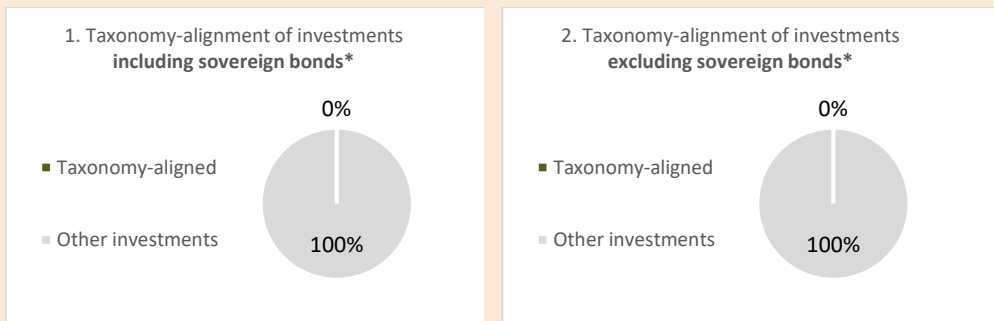
● **How does the use of derivatives attain the sustainable investment objective?**

Not applicable



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund commits to a minimum 25% of sustainable investments with an environmental objective aligned with the SFDR. The Investment Managers are not currently in a position to specify the exact proportion of the Fund's underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position is kept under review as the underlying rules are finalised and the availability of reliable data increases over time.

For avoidance of doubt, all companies in the portfolio are required to meet either a social or environmental sustainable objective under sustainable investment definition of SFDR.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with a social objective?

The Fund commits to a minimum 25% of sustainable investments with a social objective.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The “#2 Not sustainable” investments include investments in liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for liquidity purposes of the Fund as well as derivatives held for hedging purposes. The Investment Manager applies minimum environmental and social safeguards by verifying that the counterparties used for derivative transactions and placement of deposits meet the EU Taxonomy Safeguards, as assessed by MSCI. Counterparties not meeting such criteria will not be used by the Fund.

For the avoidance of doubt, the Investment Manager will ensure that the underlying asset of any derivatives used for efficient portfolio management will qualify as a sustainable investment.

The limited proportion of investments under “#2 Not sustainable” and the applicable minimum safeguards do not affect the delivery of the sustainable investment objectives of the Fund on continuous basis.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Not applicable.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/29991/Z/templeton-emerging-markets-sustainability-fund/LU2213486215>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/29991

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Templeton Global Bond (Euro) Fund

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds – Templeton Global Bond (Euro) Fund (the "Fund")

Legal entity identifier: GVEB5FR7K0S8BJ1KRI44

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective: ___%**

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective: ___%**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of **5%** of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes broad environmental and/or social characteristics which vary by composition of the portfolio and inter alia include actions around resource insecurity, extreme weather risk, unsustainable environmental practices, social cohesion & stability, infrastructure, health security, labour, human capital and demographics. The Investment Manager seeks to attain these characteristics by using a proprietary environmental, social and governance ("ESG") rating methodology, the Templeton Global Macro ESG Index ("TGM-ESGI") to:

- screen out government bonds of the poorest performing countries in each of the ESG categories until the exclusions reach 10% of the Fund's investment universe dedicated to sovereign bonds; and
- commit to a weighted average base ESG score of the sovereign bonds (including supranational bonds and also the notional value of net long positions in related derivatives) in the Fund's portfolio to be higher than the average base ESG score of the investment universe dedicated to sovereign bonds.

The portion of the investment universe dedicated to sovereign bonds of the Fund's portfolio has been constructed based on a universe of sovereign issuers with historic data of bond issuance, and excluding countries:

- with no current debt outstanding;
- recorded as sanctioned by the United States Office of Foreign Assets Control (the "US OFAC"), the European Union (the "EU") or the United Nations (the "UN");

- which do not have any debt in issuance denominated in euro or US dollar and does not have a local custodian entity meeting the legal and regulatory requirements applicable to the Fund and its custody partners; and
- any country where foreign ownership of sovereign bonds is not permitted or not reasonably practicable due to legal or regulatory restrictions.

The portion of the investment universe dedicated to supranational bonds of the Fund's portfolio is constructed by supranational issuers that have MSCI ESG ratings.

In addition, the Fund promotes positive environmental and/or social outcomes by investing at least 5% of its portfolio in green bonds, where the use of proceeds has been specified by the issuer and verified by a third party or the Investment Manager, to benefit underlying environmental projects.

The Fund does not use a reference benchmark to which it aligns the environmental and/or social characteristics that the Fund promotes.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- the share of sovereign issuers having exposure to, or ties with the sectors and the additional exclusions further described below;
- the ESG score difference between the Fund's portfolio and the investment universe; and
- the percentage of investments in green bonds.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Fund invests at least 5% of its portfolio in green bonds, where the use of proceeds has been specified by the issuer, and verified by a third party or the Investment Manager, to benefit underlying environmental projects such as but not limited to:

- the efficient use of energy, raw materials, water and land;
- the production of renewable energy;
- the reduction of waste, greenhouse gas emissions and lower impact of economic activities on biodiversity; and
- the development of circular economy.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

For sovereign issuers, the relevant principle adverse impacts (the "PAIs") on social violations are assessed through a proprietary responsibility index that incorporates indicators on global cooperation, human rights, and civil liberties among others. For every sustainable investment targeted by the Investment Manager, an assessment of the materiality of PAIs to the underlying investment is made, documented and the probability of adverse impact is estimated. After this assessment, the Investment Manager determines whether an investment has no, low, moderate, severe or very severe adverse impact. The Investment Manager does not make investments that fall in the severe/very severe category, and if an existing investment falls into the severe/very severe category, the Investment Manager takes all reasonable means to divests of the security within 6 months. Where divestment of such a position is not feasible within this timeframe due to legal or regulatory restrictions or exceptional market circumstances, the Investment Manager shall aim to reduce the position as soon as reasonably practicable or legally permissible, as the case may be.

How have the indicators for adverse impacts on sustainability factors been taken into account?

When assessing compliance of the Fund's investments with the Do No Significant Harm principles, the Investment Manager takes into account all mandatory PAI indicators of Table 1 of Annex I of the SFDR Regulatory Technical Standards ("RTS"), to the extent they are relevant for the investments contemplated by the Fund and other data points deemed by the Investment Manager as proxies for adverse impact. The Investment Manager performs this analysis at the level of each sustainable investment so that the relevance and materiality of the PAI indicators may vary across investments. Issuers deemed to be in breach of these indicators will not qualify as sustainable investments. While assessing eligible green bonds, the Investment Manager reviews and documents the materiality of PAIs for the project. For example, while investing in a green bond whose use of proceeds targets the roll out of renewable energy sources, the Investment Manager ascertains that financed projects are likely to have a positive impact on greenhouse gas intensity of a national economy.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The sustainable investments in the Fund's portfolio are solely bonds issued by sovereign countries, supranational organisations. The Organisation for Economic Cooperation and Development Guidelines for Multination Enterprises and the UN Guiding Principles on Business and Human Rights are not applicable to such investments.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

The following principal adverse impacts (PAIs) are considered for sovereign and supranational issuers:

- **greenhouse gas emissions;** and
- **social violations.**

Greenhouse gas emissions of investee countries are monitored through greenhouse gas intensity Scope 1 data points.

Social violations by the investee countries, are monitored as part of the TGM-ESGI, where the Investment Manager reviews institutional strength, social cohesion and stability and income equality among others. This is in addition to explicitly excluding countries subject to international sanctions, including those imposed by the UN, EU or US OFAC.

More information on how the Investment Manager considers its PAIs may be found in the periodic reporting of the Fund.

No

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



What investment strategy does this financial product follow?

For sovereign issuers, the Fund employs a proprietary ESG rating methodology, the TGM-ESGI, to assess each country that issues sovereign bonds that are current or potential investments for the Fund. The Investment Manager's methodology captures not only a country's current ESG score based on a variety of subcategories but more importantly, any expected improvement or deterioration in the country's ESG practices. The Investment Manager believes that this two-pronged test potentially best represents the investment worthiness of a country and also assists in potentially providing capital to countries that are expected to improve from an ESG perspective.

The TGM-ESGI contains environmental and social indices that measure resource insecurity, extreme weather risk, unsustainable practices, social cohesion and stability, human capital, labour and demographics among other factors, along with governance factors such as institutional strength and corruption and transparency.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As an initial step in its methodology, the Investment Manager scores each country that issues sovereign debt that may be potential investments for the Fund on a scale of 0–100 (100 being the highest) in various ESG subcategories that the Investment Manager has determined to have a significant impact on macroeconomic conditions.

Within the ESG subcategories, the methodology leverages baseline rankings from a set of recognized global data providers. After this, the subcategory scores are tallied into a total ESG score by grouping them into their respective ESG categories, and equal weighting those three overarching categories (i.e., a 33% weighting for environmental, 33% for social and 33% for governance).

The Investment Manager then uses internal proprietary research as a forward-looking overlay on those baseline current scores, to assess whether the Investment Manager expects countries to improve or deteriorate in each of the subcategories over the next two to three years. These conclusions form projected TGM-ESGI scores.

Projected scores in anticipation of how conditions change in the medium term are emphasized as part of the research process.

At time of purchase, issuers with current TGM-ESGI scores below the median of the investment universe must have projected neutral to improving ESG ratings. The Investment Manager is not allowed to make a new investment or actively add to an existing investment where the issuer has a TGM-ESGI score below the median and exhibits negative momentum.

Of the remaining investment universe, government bonds of the poorest performing countries in each of the ESG categories based on current scores are excluded from investment until the exclusions reach 10% of the respective investment universe.

The ESG methodology is applied to 100% of the sovereign debt holdings in the Fund's portfolio and is binding for the portfolio construction.

For supranational issuers, the Fund utilizes ESG ratings provided by MSCI and restates those ratings to correspond to a scale of 0–100 (100 being the highest).

The ESG methodology is applied to 100% of the supranational debt holdings in the Fund's portfolio and is binding for the portfolio construction.

The weighted average base ESG score of the Fund's portfolio is higher than the average base ESG score of investment universe.

For the purpose of this calculation, the ESG scores for supranational issuers apply towards the Fund's weighted average sovereign ESG score.

The TGM-ESGI subcategories and global reference indices used for scoring are reviewed at least bi-annually and may change over time. However, the overall weightings remain one third each for ESG category.

The Investment Manager monitors sovereign and supranational issuers of a bond, currency, or derivative thereof that present meaningful deteriorating current or projected scores, with a view to evaluate the potential divestment that demonstrate no improvement over time. The evaluation is done on a case-by-case basis.

If the sovereign issuer of a bond, currency, or derivative thereof, which is held in the portfolio, falls into the 10% list of excluded issuers, the Investment Manager takes all reasonable means to divest of the security within 6 months. Where divestment of such a position is not feasible within this timeframe due to legal or regulatory restrictions or exceptional market circumstances, the Investment Manager shall aim to reduce the position as soon as reasonably practicable or legally permissible, as the case may be.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy, which are not at the discretion of the Investment Manager, can be summarized as follows:

- the exclusion of countries and issuers that are subject to international economic sanctions, including sanctions imposed by the UN, the EU or the US OFAC;
- the exclusion of government bonds of the poorest performing countries in each of the ESG categories based on current proprietary country scores until the exclusions reach 10% of the Fund's investment universe dedicated to sovereign bonds;
- the commitment to have a weighted average base ESG score of the sovereign bonds (including supranational bonds and also the notional value of net long positions in related derivatives) in the Fund's portfolio higher than the average base ESG score of the investment universe dedicated to sovereign bonds.

For the purpose of restricting the investment universe, exclusions based on countries subject to international sanctions are applied first. The exclusion of countries with the weakest ESG scores is applied to the remaining investment universe.

Exclusions of the weakest scoring countries occurs sequentially, beginning with the removal of the poorest scoring country according to TGM-ESGI's environmental score, then the country within the remaining universe with the weakest social score, and finally the country with the weakest governance score is removed. This process is repeated until 10% of the universe has been excluded.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Government bonds of the poorest performing countries in each of the ESG categories based on current scores are excluded from investment until the exclusions reach 10% of the Fund's investment universe dedicated to sovereign bonds.

● **What is the policy to assess good governance practices of the investee companies?**

Although the Fund primarily invests in government bonds, sovereign governance is assessed and monitored as part of the investment management process.

Issuers that are subject to international economic sanctions, including sanctions imposed by the UN, the EU or the US OFAC are excluded from the Fund's investment universe.

Remaining issuers are assessed according to their effectiveness of governance; policy mix and reform-mindedness; corruption and transparency; institutional strength; and business climate. These assessments are aggregated to provide an overall governance score for each issuer in the investible universe.

Thereafter, the investment process excludes the government bonds of the poorest performing countries in each of the ESG categories, based on proprietary scores. This ensures that countries with unacceptably weak governance process are not considered for investment.

Sovereign governance is regularly assessed and monitored as part of the process. The Investment Manager maintains contacts with governments, central banks and other institutions at various levels. On a frequent basis, discussions are held particularly around governance and economic best practices, and in those meetings the Investment Manager shares its views while also trying to better understand government stances on economic policies and governance, as well as sustainability and social topics to facilitate the investment decision making.

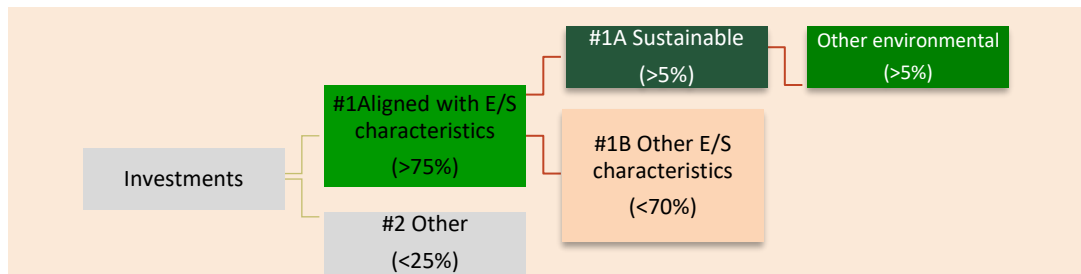
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation planned for this financial product?

The Investment Manager employs a binding proprietary ESG methodology which is applied to at least 75% of the portfolio of the Fund, including the 5% minimum investments in green bonds. Derivatives may also be used for investment, hedging, or efficient portfolio management. The ESG methodology applies to the notional value of the derivatives used to gain long exposures to interest rates (duration), currency positions, or credit exposures. At least 75% of the Fund's portfolio is aligned with environmental and/or social characteristics promoted by the Fund and at least 5% of this portion of the portfolio qualify as sustainable investment. A maximum of 25% of the Fund's portfolio may be set aside, as indicated in the following graph with "#2 Others". It includes liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for liquidity purposes that, by their nature, cannot be aligned with the environmental and/or social characteristics promoted by the Fund.

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The ESG methodology is applied to the notional value of derivatives used to gain long exposure to interest rates (duration), currency positions, or credit spreads.

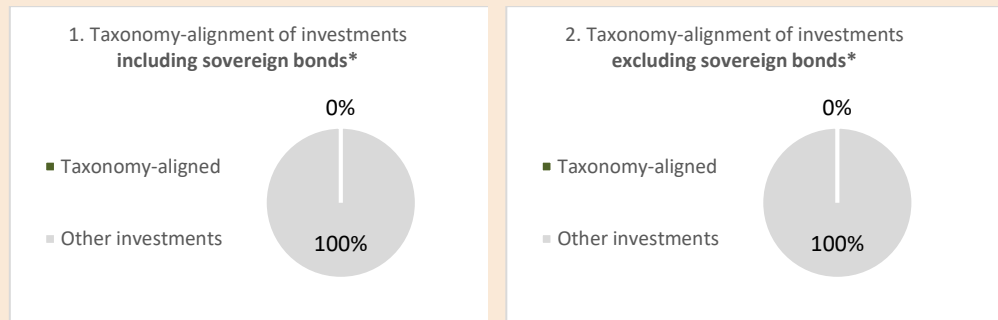
Notional value for long positions is counted towards the scoring.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund commits to having a minimum share of 5% of sustainable investments with an environmental objective not aligned with the EU Taxonomy in its portfolio. The Investment Manager is not currently in a position to specify the exact proportion of the Fund's underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position is kept under review as the underlying rules are finalized and the availability of reliable data increases over time.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" investments include investments in liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund and/or to serve as collateral for derivatives, undertakings for collective investment in transferable securities and undertakings for collective investment for liquidity management purposes.

No minimum safeguards have been put in place.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/4818/A/templeton-global-bond-euro-fund/LU0170474935>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/4818

Templeton Global Bond Fund

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds - Templeton Global Bond Fund (the "Fund")

Legal entity identifier: 5SLKA4UT9B55J80BUH41

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

<p><input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> Yes</p> <p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___%</p> <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%</p>	<p><input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments</p> <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p>
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What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes broad environmental and/or social characteristics which vary by composition of the portfolio and inter alia include actions around resource insecurity, extreme weather risk, unsustainable environmental practices, social cohesion & stability, infrastructure, health security, labour, human capital and demographics. The Investment Manager seeks to attain these characteristics by using a proprietary environmental, social and governance (the "ESG") index, the Templeton Global Macro ESG Index (the "TGM-ESG") to:

- screen out government bonds of the poorest performing countries in each of the ESG categories until the exclusions reach 10% of the Fund's investment universe dedicated to sovereign bonds; and
- commit to a weighted average base ESG score of the sovereign bonds (including supranational bonds and also the notional value of net long positions in related derivatives) in the Fund's portfolio to be higher than the average base ESG score of the investment universe dedicated to sovereign bonds.

The portion of the investment universe dedicated to sovereign bonds of the Fund's portfolio has been constructed based on the universe of sovereign issuers with historic data of bond issuance, and excluding issuers from countries:

- with no current debt outstanding;
- recorded as sanctioned by the United States Office of Foreign Assets Control (the "US OFAC"), the European Union (the "EU") or the United Nations (the "UN");

- which do not have any debt in issuance denominated in euro or US dollar and does not have a local custodian entity meeting the legal and regulatory requirements applicable to the Fund and its custody partners; and
- any country where foreign ownership of sovereign bonds is not permitted or not reasonably practicable due to legal or regulatory restrictions.

The portion of investment universe dedicated to the supranational bonds of the Fund's portfolio is constructed by issuers that have MSCI ESG ratings.

No reference benchmark has been designated to attain the environmental and/or social characteristics promoted.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- the share of sovereign issuers having exposure to, or ties with the sectors and the additional exclusions further described below; and
- the ESG score difference between the Fund's portfolio and the investment universe.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

The following principal adverse impacts (the "PAIs") are considered **for sovereign and supranational issuers**:

- **greenhouse gas emissions; and**
- **social violations.**

Greenhouse gas emissions of the investee countries are monitored through greenhouse gas intensity Scope 1 data points

Social violations by the investee countries, are monitored as part of the TGM-ESGI, where the Investment Manager reviews institutional strength, social cohesion and stability and income equality among others. This is in addition to explicitly excluding countries subject to international sanctions, including those imposed by the UN, EU or US OFAC.

More information on how the Investment Manager considers its PAIs may be found in the periodic reporting of the Fund.

No

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

For sovereign issuers, the Fund employs a proprietary ESG rating methodology, the TGM-ESGI to assess each country that issues sovereign bonds that are existing or potential investments for the Fund. The Investment Manager's methodology captures not only a country's current ESG score based on a variety of subcategories but more importantly, any expected improvement or deterioration in the country's ESG practices. The Investment Manager believes that this two-pronged test potentially best represents the investment worthiness of a country and also assists in potentially providing capital to countries that are expected to improve from an ESG perspective.

The TGM-ESGI contains environmental and social indices that measure resource insecurity, extreme weather risk, unsustainable practices, social cohesion and stability, human capital, labour and demographics among other factors, along with governance factors such as institutional strength and corruption and transparency.

As an initial step in its methodology, the Investment Manager scores each country that issues sovereign debt that may be potential investments for the Fund on a scale of 0–100 (100 being the highest) in various ESG subcategories that the Investment Manager has determined to have a significant impact on macroeconomic conditions.

Within the ESG subcategories, the methodology leverages baseline rankings from a set of recognized global data providers. After this, the subcategory scores are tallied into a total ESG score by grouping them into their respective ESG categories, and equal weighting those three overarching categories (i.e., a 33% weighting for environmental, 33% for social and 33% for governance).

The Investment Manager then uses internal proprietary research as a forward-looking overlay on those baseline current scores, to assess whether the Investment Manager expects countries to improve or deteriorate in each of the subcategories over the next two to three years. These conclusions form projected TGM-ESGI scores.

Projected scores in anticipation of how conditions change in the medium term are emphasized as part of the research process.

At time of purchase, issuers with current TGM-ESGI scores below the median of the investment universe must have projected neutral to improving ESG ratings. The Investment Manager is not allowed to make a new investment or actively add to an existing investment where the issuer has a TGM-ESGI score below the median and exhibits negative momentum.

Of the remaining investment universe, government bonds of the poorest performing countries in each of the ESG categories based on current scores are excluded from investment until the exclusions reach 10% of the respective investment universe.

The ESG methodology is applied to 100% of the sovereign debt holdings in the Fund's portfolio and is binding for the portfolio construction.

For supranational issuers, the Fund utilizes ESG ratings provided by MSCI and restates those ratings to correspond to a scale of 0–100 (100 being the highest).

The ESG methodology is applied to 100% of the supranational debt holdings in the Fund's portfolio and is binding for the portfolio construction.

The weighted average base ESG score of the sovereign bonds (including supranational bonds) in the Fund's portfolio is higher than the average base ESG score of the sovereign investment universe.

For the purpose of this calculation, the ESG scores for supranational issuers apply towards the Fund's weighted average sovereign ESG score.

The TGM-ESGI subcategories and global reference indices used for scoring are reviewed at least bi-annually and may change over time. However, the overall weightings remain one-third each for ESG category.

The Investment Manager monitors sovereign and supranational issuers of a bond, currency, or derivative thereof that present meaningful deteriorating current or projected scores, with a view to evaluate the potential divestment that demonstrate no improvement over time. The evaluation is done on a case-by-case basis.

If the sovereign issuer of a bond, currency, or derivative thereof, which is held in the portfolio, falls into the 10% list of excluded issuers, the Investment Manager takes all reasonable means to divest of the security within 6 months. Where divestment of such a position is not feasible within this timeframe due to legal or regulatory restrictions or exceptional market circumstances, the Investment Manager shall aim to reduce the position as soon as reasonably practicable or legally permissible, as the case may be.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy, which are not at the discretion of the Investment Manager, can be summarized as follows:

- the exclusion of countries and issuers that are subject to international economic sanctions, including sanctions imposed by the UN, the EU or the US OFAC;
- the exclusion of government bonds of the poorest performing countries in each of the ESG categories based on current proprietary country scores until the exclusions reach 10% of the Fund's investment universe dedicated to sovereign bonds; and
- the commitment to have a weighted average base ESG score of the sovereign bonds (including supranational bonds and also the notional value of net long positions in related derivatives) in the Fund's portfolio higher than the average base ESG score of the investment universe dedicated to sovereign bonds.

For the purpose of restricting the investment universe, exclusions based on countries subject to international sanctions are applied first. The exclusion of countries with the weakest ESG scores is applied to the remaining investment universe.

Exclusions of the weakest scoring countries occurs sequentially, beginning with the removal of the poorest scoring country according to TGM-ESGI's environmental score, then the country within the remaining universe with the weakest social score, and finally the country with the weakest governance score is removed. This process is repeated until 10% of the universe has been excluded.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Government bonds of the poorest performing countries in each of the ESG categories based on current scores are excluded from investment until the exclusions reach 10% of the Fund's investment universe dedicated to sovereign bonds.

● ***What is the policy to assess good governance practices of the investee companies?***

Although the Fund primarily invests in government bonds, sovereign governance is assessed and monitored as part of the investment management process.

Issuers that are subject to international economic sanctions, including sanctions imposed by the UN, the EU or the US OFAC are excluded from the Fund's investment universe.

Remaining issuers are assessed according to their effectiveness of governance, policy mix and reform-mindedness, corruption and transparency, institutional strength, and business climate. These assessments are aggregated to provide an overall governance score for each issuer in the investible universe.

Thereafter, the investment process excludes the government bonds of the poorest performing countries in each of the ESG categories, based on proprietary scores. This ensures that countries with unacceptably weak governance process are not considered for investment.

Sovereign governance is regularly assessed and monitored as part of the process. The Investment Manager maintains contacts with governments, central banks and other institutions at various levels. On a frequent basis, discussions are held particularly around governance and economic best practices, and in those meetings the Investment Manager shares its views while also

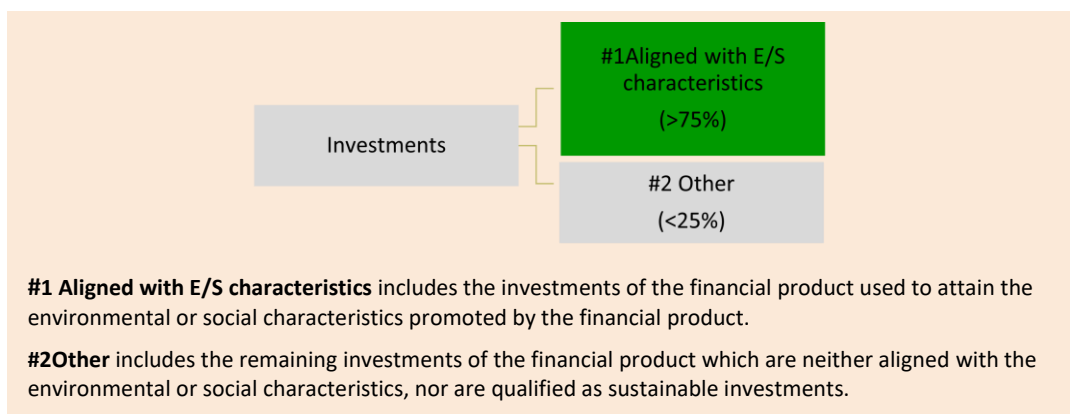
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

trying to better understand government stances on economic policies and governance, as well as sustainability and social topics to facilitate the investment decision making.



What is the asset allocation planned for this financial product?

The Investment Manager employs a binding proprietary ESG methodology which is applied to at least 75% of the portfolio of the Fund. Derivatives may also be used for investment, hedging, or efficient portfolio management. The ESG methodology applies to the notional value of the derivatives used to gain long exposures to interest rates (duration), currency positions, or credit exposures. At least 75% of the Fund's portfolio is aligned with environmental and/or social characteristics promoted by the Fund, and a maximum of 25% of the Fund's portfolio may be set aside, as indicated in the following graph with "#2 Others". It includes liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for liquidity purposes that, by their nature, cannot be aligned with the environmental and/or social characteristics promoted by the Fund.



● How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The ESG methodology is applied to the notional value of derivatives used to gain long exposure to interest rates (duration), currency positions, or credit spreads.

Notional value for long positions is counted towards the scoring.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

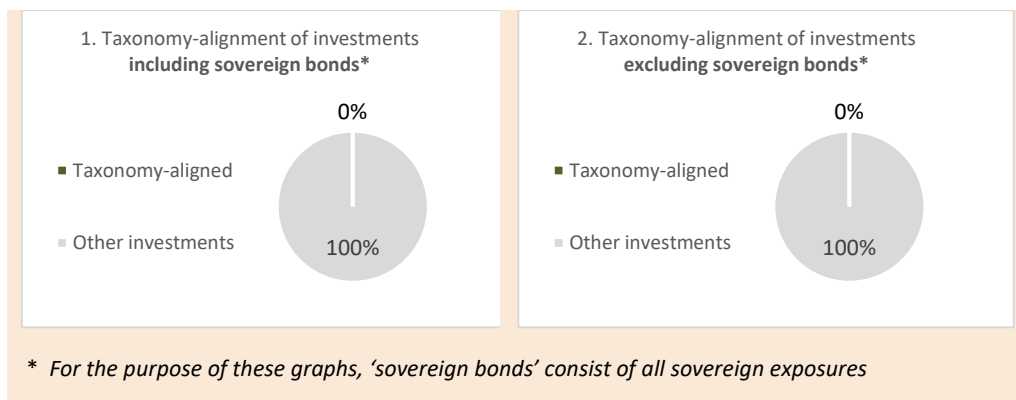
The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" investments include investments in liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund and/or to serve as collateral for derivatives, and undertakings for collective investment in transferable securities and undertakings for collective investment for liquidity management purposes.

No minimum environmental and/or social safeguards have been put in place.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/256/A/templeton-global-bond-fund/LU0029871042>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/256

Templeton Global Climate Change Fund

Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Franklin Templeton Investment Funds – Templeton Global Climate Change Fund (the "Fund")

Legal entity identifier: ROZ2JHNR2LH7P3EKVR10

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective: 90%**

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective: ___%**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



What is the sustainable investment objective of this financial product?

The Fund's sustainable investment objective is to contribute towards climate change mitigation and adaptation as considered by the Paris Climate Agreement.

In order to achieve the long-term global warming targets of the Paris Climate Agreement, the Fund pursues decarbonization primarily through investments in solutions to reduce greenhouse gas emissions, and secondarily through investments in companies committed to aligning their own self-decarbonization trajectory with the 1.5-degree scenario.

The Fund does not use a reference benchmark to attain its sustainable investment objective.

● **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

The sustainability indicators used by the Fund are:

1. exposure to climate change mitigation and adaptation solutions providers;
2. exposure to transitioning companies;
3. MWh generated in the most recent year from renewable sources, per US\$M invested (measured as the Fund's ownership share of holdings);
4. percentage of portfolio companies with quantitative greenhouse gas emissions reduction targets;

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

5. weighted average reduction target;
6. carbon intensity;
7. carbon footprint trajectory;
8. carbon reductions achieved; and
9. avoided greenhouse gas emissions.

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

During the process of integration of environmental, social and governance (the "ESG") data into the investment decision making process including the management of the portfolio construction, the Investment Manager considers the principal adverse impacts (the "PAIs") indicators and uses its engagement process to protect the portfolio and review if any of the Fund's investments cause significant harm to any sustainable investment objective.

The Investment Manager assesses and seeks to mitigate the adverse sustainability impacts of investment decisions, such as but not limited to any significant negative impact on the environment, employee safety, forced labour, or bribery. The Investment Manager evaluates portfolio companies' sustainability impact and engages with the latter in order to (i) reduce the adverse impact of their activities and (ii) increase their activities which are contributing positively to the Fund's sustainable investment objective.

Industry relevant impact indicators are compared to peers and the broad investment universe to identify potentially significant positive and negative impacts. The Investment Manager identifies pertinent significant sustainability risks and uses its own qualitative judgement when reviewing the PAIs indicator data, where available, to assess whether investments cause any significant harm. This informs ESG assessment and ratings and influences investment decisions.

As part of its Do Not Cause Significant Harm test, the Fund applies the following exclusions:

- The Fund does not invest in fossil fuel producers, producers of controversial weapons (i.e., anti-personnel mines, nuclear weaponry, biological and chemical weaponry and cluster munitions) and companies that generate 5% or more of their revenues from tobacco, conventional weapons, firearms, coal power generation, oil-based power generation, nuclear power generation, alcohol, oil services, thermal coal refining, crude oil refining, genetic engineering or palm oil, and companies that generate 1% or more of their revenues from gambling or pornography; and
- The Fund does not invest in companies that violate the United Nations Global Compact principles (the "UNGC Principles"), international norms on human rights listed by MSCI, labour rights, environment standards and anti-corruption statutes, according to the Investment Manager's analysis.

How have the indicators for adverse impacts on sustainability factors been taken into account?

When assessing compliance of the Fund's investments with the Do No Significant Harm principles, the Investment Manager takes into account all mandatory PAI indicators of Table 1 of Annex I of the SFDR Regulatory Technical Standards ("RTS"), to the extent they are relevant for the investments contemplated by the Fund and other data points deemed by the Investment Manager as proxies for adverse impact. The Investment Manager performs this analysis at the level of each sustainable investment so that the relevance and materiality of the PAI indicators may vary across investments. Issuers deemed to be in breach of these indicators will not qualify as sustainable investments.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The Fund does not invest in companies that, according to MSCI, do not observe the main international conventions (UNGC Principles, Organisation for Economic Cooperation and Development (the "OECD") Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights).

Exceptions can only be made after formal review of alleged violations has been carried out and where the Investment Manager either disagrees with the conclusion that the company is complicit in violations of the principles of such conventions or have determined that the company has made and implemented positive changes deemed satisfactory to appropriately address the deficiency/violation. The severity of the violation, response, frequency, and nature of the involvement are considered in making a judgement on whether the company observes international conventions.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes,

The Fund assesses and seeks to mitigate the sustainability adverse impacts of investment decisions, such as a negative impact on the **environment** or **employee safety, forced labour or bribery**. Companies' strategies to reduce the adverse impact and increase the positive impact of their activities are incorporated into the ESG assessment and ratings, which may influence investment decisions. The Investment Manager works to engage in efforts to address and mitigate these impacts.

For all companies, the Fund applies specific criteria to the following PAIs:

- **greenhouse gas intensity;**
- **board gender diversity;**
- **exposure to fossil fuels;**
- **violations of UNGC Principles or OECD Guidelines for Multinational Enterprises; and**
- **exposure to controversial weapons.**

- **Greenhouse gas intensity**

Companies scoring in the bottom quintile vs peers, and with a level greater than half that of the MSCI All Country World benchmark, on the PAI of greenhouse gas intensity Scope 1 and 2 are addressed through engagement, with a requirement to establish an emissions reduction target or move out of the bottom quintile over a 3-year timeframe. In case there is no improvement after 3 years, the Investment Manager takes all reasonable means to divest.

Net Zero Asset Managers Initiative (the "NZAMI") Alignment:

The Fund targets decreasing greenhouse gas intensity and emissions reduction targets, engaging with companies to encourage them to align their business models with NZAMI goals, set emission reduction targets and disclose their climate change strategies. The Investment Manager intends to increase the minimum sustainable investments allocation that is aligned with NZAMI targets over time and target 100% alignment with net zero by 2040.

The Fund targets 70% of its Assets Under Management (the "AUM") in material sectors to be net zero or aligned to net zero by 2030 and 100% of AUM by 2040. The Investment Manager utilizes a combination of third-party verification, such as SBTi and Transition Pathway Initiative (the "TPI"), and its own analysis to assess alignment.

- **Board gender diversity**

Companies with no females on the board are addressed through engagement, with a requirement to add a female board member over a 3-year timeframe. In case there is no improvement after 3 years, the Investment Manager takes all reasonable means to divest.

- **Exposure to fossil fuels**

Exclusion policy restricts investments in fossil fuels.

- **Violations of UNGC Principles or OECD Guidelines for Multinational Enterprises**

Exclusion policy prohibits investments in companies the Investment Manager considers to severely breach these international norms.

- **Exposure to controversial weapons**

Exclusion policy prohibits investments in cluster munitions, antipersonnel land mines and biological, chemical and nuclear weapons.

More information on how the Fund considered its PAIs may be found in the periodic reporting of the Fund.

No



What investment strategy does this financial product follow?

The Fund seeks to achieve its objective by primarily investing in equity securities of global companies that provide solutions for the mitigation and/or adaption of climate change risk or which are in the process of making their business models more resilient to long-term risks presented by climate change and resource depletion. The Investment Manager believes that such companies are better prepared financially and competitively for a transition to a low carbon and more resource constrained economy.

- **Methodology**

The Investment Manager uses in-depth analysis to select individual equity securities that it believes are undervalued, based on such factors as their expected long-term earnings and the value of their business assets. The Fund seeks to invest in companies that are good stewards of their impact on environmental and/or social development.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Fund's proprietary ESG ratings framework that consists of scores from 1 (exceptional sustainability profile) to 5 (unacceptable sustainability risk), direct fundamental research, and engagement process enable a thorough evaluation of the sustainability characteristics of companies' business models.

The Fund aims to achieve its climate change mitigation and adaptation objective by investing in companies that reduce emissions, improve resource efficiency, and limit the physical consequences of climate change so as to align the Fund's portfolio carbon impact with the landmark Paris Climate Agreement adopted in December 2015. Companies that may benefit financially and competitively from the transition to a global low-carbon economy can be grouped into three broad categories:

1. **Solution providers:** (>50% of net assets) companies that derive more than 50% of revenues (or alternative metric such as assets) from products and services that directly or indirectly reduce global emissions, improve resource efficiency, and/or protect against the physical consequences of climate change. The solutions activities are generally associated with one of the following themes: renewable energy, energy efficiency, water and waste management, sustainable transportation, and sustainable forestry and agriculture. Factors driving security selection include the Investment Manager's percent of revenues and profits from solutions, a company's net impact on greenhouse gas emissions and resource usage and its governance of the opportunities arising from the low carbon transition.

2. **Transitioning companies:** (<50% of net assets) companies that are transitioning to solutions providers or have moderate to high emissions or resource intensity which are making industry-leading efforts to reduce them (notably by setting science-based emissions reduction targets, or companies which have already achieved emission reductions putting them in top quintile of their industry peer group). Such companies have below average projected carbon intensity compared to industry peers as a result of historical greenhouse gas emissions reductions and quantitative reduction targets, or they have above industry peers average projected solutions revenue based on internal methodology. Factors driving security selection include the Investment Manager's view on a company's ability to achieve carbon and resource intensity aligned with the long-term global warming targets of the Paris Climate Agreement, greenhouse gas emissions disclosure quality, exposure to climate mitigation and adaptation solutions and the company's governance of the risks and opportunities arising from the low carbon transition.

3. **Resilient companies:** (<50% of net assets) companies that have relatively low carbon or resource intensity. Such companies have carbon or resource (water, for example) intensity in the bottom half of the broad global investment universe, defined as MSCI ACWI Investable Market Index (the "MSCI ACWI IMI"). Carbon intensity is measured as Scope 1, 2 and 3 greenhouse gas emissions / Enterprise Value Including Cash (the "EVIC"). Resource intensity is measured similarly but substituting specific resources such as water. A company's alignment with NZAMI by 2050 is a primary consideration for security selection. The Investment Manager uses the Paris Aligned Investment Initiative's Net Zero Investment Framework (the "PAII NZIF") to aid in categorizing companies by levels of alignment and commitment. This supports the Investment Manager's efforts to prioritize engagement on companies least aligned based on both their current level of emissions and level of commitment.

The Investment Manager undertakes to reduce the investment universe by at least 20% by excluding companies with the worst climate scores according to its proprietary methodology.

● **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The binding elements of the investment strategy can be summarized as follows:

1. the Fund maintains a weighted average ESG rating higher than the average ESG rating of the companies in the investment universe, defined as MSCI ACWI IMI, based on the MSCI ESG Rating; and
2. the Fund does not invest in the sectors and companies falling under the exclusion list described above.

● **What is the policy to assess good governance practices of the investee companies?**

The Investment Manager's analysts review if companies exhibit good governance practices in their analysis, including a review of board structure and independence, remuneration policy, accounting standards and shareholder rights. The Investment Manager also considers items such as employees' turnover, training, diversity, pay gap and controversies, as well as tax related issues such as gap between statutory and effective rates and controversies. The Fund does not invest in companies deemed to have unacceptable governance risk according to an analyst's assessment, which is reflected as a governance rating of 5 under proprietary ESG rating framework.

What is the asset allocation and the minimum share of sustainable investments?

The Investment Manager employs a binding proprietary ESG methodology which is applied to at least 90% of the portfolio to determine a company's profile on relevant environmental, social, and governance issues, which constitutes the sustainable investment portion in the Fund's portfolio as illustrated in the chart below. This part of the portfolio qualifies as sustainable investments. A maximum of 10% of the portfolio's NAV may be set aside, indicated in the following graph with "#2 Not sustainable". It includes liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for liquidity purposes that, by their nature, cannot be aligned with the sustainable objective of the Fund as well as derivatives held solely for hedging purposes which do not qualify as sustainable investments.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



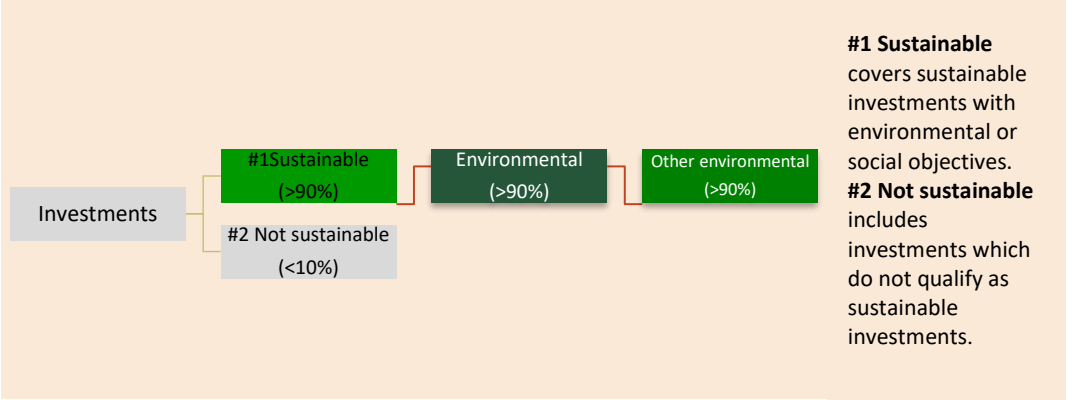
Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

● **How does the use of derivatives attain the sustainable investment objective?**

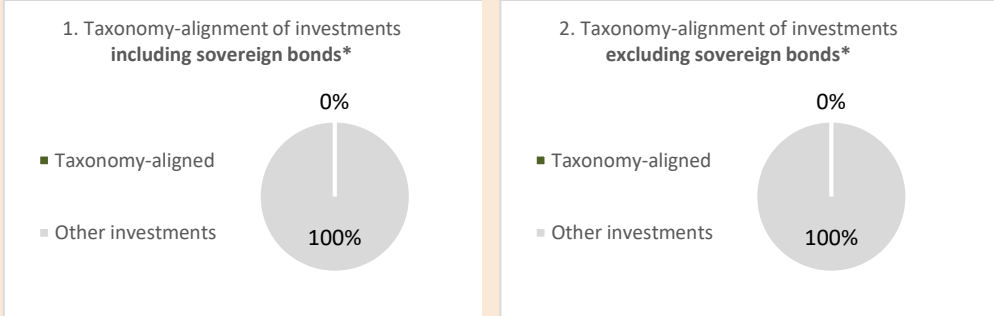
The derivatives are not used to attain the sustainable investment objective of the Fund.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.


The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund commits to a minimum 90% of sustainable investments with an environmental objective. The Investment Manager is not currently in a position to specify the exact proportion of the Fund's underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position is kept under review as the underlying rules are finalised and the availability of reliable data increases over time.



What is the minimum share of sustainable investments with a social objective?

Not applicable.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The “#2 Not sustainable” investments include investments in liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for liquidity purposes of the Fund as well as derivatives held solely for hedging purposes.

The Investment Manager applies minimum environmental and social safeguards by verifying that the counterparties used for derivative transactions and placement of deposits meet the EU Taxonomy Safeguards, as assessed by MSCI. Counterparties not meeting such criteria will not be used by the Fund.

For the avoidance of doubt, the Investment Manager will ensure that the underlying asset of any derivatives used for efficient portfolio management will qualify as a sustainable investment.

The limited proportion of investments under “#2 Not sustainable” and the applicable minimum safeguards do not affect the delivery of the sustainable investment objectives of the Fund on continuous basis.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

No.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.franklintempleton.lu/our-funds/price-and-performance/products/1339/A/templeton-global-climate-change-fund/LU0029873410>

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/1339