



This letter is important and requires your immediate attention.

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

Hong Kong, 15 November 2019

Dear Investor,

**Franklin Templeton Investment Funds (the “Company”)
- Changes to certain sub-funds (“Funds”)**

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

The purpose of this letter is to inform Investors of the following:

- (1) change in the settlement deadline and clarification of the investment policy of the **Franklin U.S. Dollar Short-Term Money Market Fund** to enable investment in other short-term money market fund;
- (2) elaboration on the investment policy of the **Templeton Asian Bond Fund** to disclose its investment in Mainland China through the Bond Connect or directly (also referred to as CIBM direct) to up to 40% of its net assets;
- (3) update to the investment policy of the **Franklin Income Fund**’s expected and maximum levels of exposure to total return swaps and to provide examples of financial derivative instruments that may be used;
- (4) clarification on the investment policy of the **Templeton Global Climate Change Fund**;
- (5) update to the investment policy of the **Templeton Global Smaller Companies Fund** to clarify the use of financial derivative instruments for investment purposes;
- (6) elaborations on the investment policies of the following funds to disclose their investment in Mainland China through the Bond Connect or directly (also referred to as CIBM direct):
 - a. **Franklin Strategic Income Fund**;
 - b. **Templeton Emerging Markets Dynamic Income Fund**;
 - c. **Templeton Emerging Markets Bond Fund**;
 - d. **Templeton Global Balanced Fund**;

- e. **Templeton Global Bond Fund;**
 - f. **Templeton Global High Yield Fund;**
 - g. **Templeton Global Income Fund;**
 - h. **Templeton Global Total Return Fund;**
- (7) elaborations on the investment policies of the following funds to disclose their employment of Environmental, Social and Governance (ESG) rating methodology:
- a. **Templeton Asian Bond Fund;**
 - b. **Templeton Emerging Markets Bond Fund;**
 - c. **Templeton Global Bond Fund;**
 - d. **Templeton Global Total Return Fund;** and
- (8) clarifications on the investment policy of the **Franklin Euro Government Bond Fund** to reflect the restrictions in relation to the acceptance of investment by insurance undertakings subject to the provisions of the German law on the supervision of insurance undertakings.

Unless otherwise specified herein, capitalized terms used in this letter shall have the meanings assigned to such terms in the Explanatory Memorandum of the Company dated April 2019, as amended from time to time (the “**Current Explanatory Memorandum**”). The changes stated in this letter shall take effect as from 16 December 2019, unless otherwise stated.

- (1) **Change in the settlement deadline and clarification of the investment policy of the Franklin U.S. Dollar Short-Term Money Market Fund to enable investment in other short-term money market fund**
- (i) Change in the settlement deadline

The Franklin U.S. Dollar Short-Term Money Market Fund currently requires (i) subscription monies in cleared funds be paid within 3 Business Days following the date of application; and (ii) normally arranges redemption proceeds to be paid to investors’ bank accounts within 3 Business Days in Hong Kong after the Hong Kong Representative’s receipt of properly documented redemption requests. To bring this Fund in line with the market practice for money market funds in general, the Management Company intends to shorten the settlement cycle for both subscriptions and redemptions of this Fund to 1 Business Day in Hong Kong following the dates of (i) application; and (ii) receipt of proper redemption instructions respectively.

Accordingly, the following changes shall be applied:

- (a) the beginning of the fifth paragraph under the section headed “**PURCHASE AND REDEMPTION OF SHARES**” – “**PURCHASES**” shall be amended as follows:

“Subscription monies in cleared funds must be paid within three (3) Business Days following the date of application. Subscription monies in cleared funds for Franklin U.S. Dollar Short-Term Money Market Fund must be paid within one (1) Business Day following the date of application.”

- (b) the latter part of the first paragraph under the section headed “**PURCHASE AND REDEMPTION OF SHARES**” – “**REDEMPTIONS**” shall be amended as follows:

“Following receipt of original completed documentation, the proceeds will normally be paid to your bank account by telegraphic transfer in US or Hong Kong dollars, or other major freely convertible currencies upon request, within three (3) Business Days (except for Money Market Funds for which proceeds will normally be paid within one (1) Business Day) and in any event

not later than one month after the receipt of a properly documented redemption request from the Shareholder.”

The change in the settlement deadline will be effective on 16 December 2019. Any subscription applications received on or before 4:00pm Hong Kong time on 15 December 2019, subscription monies in cleared funds will have to be paid within three (3) Business Days following the date of application. For any subscription applications received after this time, subscription monies in cleared funds will be due within one (1) Business Day following the date of application (instead of three (3)). Any redemption instructions received on or before 4:00pm Hong Kong time on 15 December 2019, redemption proceeds will normally be paid within three (3) Business Days following receipt of original completed documentation by the Hong Kong Representative. For any redemption instructions received after this time, redemption proceeds will normally be paid within one (1) Business Day following receipt of original completed documentation by the Hong Kong Representative.

Please note that despite this change in dealing deadline, certain intermediaries may impose an earlier dealing cut-off time. Investors are recommended to check with their bank, investment adviser or other intermediary (if applicable) to ensure they meet the relevant dealing deadline.

This change in settlement deadline shall apply to all share classes of this Fund. Except for this change, there will be no change or impact to the handling of switching requests, or the processing or valuation of dealing requests otherwise.

Other than the change stated above, there will be no change in the operation and/or manner in which the Fund will be managed, and there will not be any material adverse impact on the interests of investors.

(ii) Clarification of the investment policy of the Franklin U.S. Dollar Short-Term Money Market Fund to enable investment in other short-term money market fund

With effect from 30 October 2019, the investment policy of this Fund shall be clarified to allow investment in (a) all investments at the time of purchase shall have a minimum long-term rating of A or better by Standard & Poor's Corporation or A2 or better by Moody's Investors Service; and (b) less than 10% of the its net assets in units or shares of any other short-term Money Market Fund.

The change above will not result in any additional risks or impact the investment strategy of the Fund. There is no change to the operation and/or the manner in which the Fund is being managed.

(2) Elaboration on the investment policy of the Templeton Asian Bond Fund to disclose its investment in Mainland China through the Bond Connect or directly (also referred to as CIBM direct) to up to 40% of its net assets

The current investment policy of the Templeton Asian Bond Fund provides for up to 10% of the Fund's net assets to be invested in Mainland China through the Bond Connect or CIBM direct. It is proposed that subject to local rules and regulations, this maximum exposure be increased to up to 40%. The Investment Manager believes this additional flexibility will be beneficial to investors in the Fund. The Fund's investment in Mainland China through the Bond Connect or CIBM direct will be part of the principal investment of the Fund.

As a result of the Fund's increased exposure to Mainland China through the Bond Connect or CIBM direct, the Fund will be subject to higher level of "China Bond Connect risk" and "Chinese Market risk" as described under the "RISK CONSIDERATIONS" section of the Current Explanatory Memorandum. In addition, the Fund will also become subject to the following additional risks:

“(i) RMB currency and conversion risk

RMB is currently not freely convertible and is subject to exchange controls and restrictions.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Fund.

Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

“(ii) Credit rating agency risk

The credit appraisal system in the Mainland and the rating methodologies employed in the Mainland may be different from those employed in other markets. Credit ratings given by Mainland rating agencies may therefore not be directly comparable with those given by other international rating agencies.

“(iii) Mainland China tax risk

The treatment of income tax and other tax categories payable in respect of trading in the China Interbank Bond Market (“CIBM”) by eligible foreign institutional investors via the Bond Connect is subject to uncertainties, although the central government of Mainland China has announced interim tax relief in respect of income tax and value-added tax applicable to coupon income and, in practice, capital gains from trading debt securities in the CIBM is not subject to any tax. Any changes in the Mainland Chinese tax law, future clarifications thereof, and/or subsequent retroactive enforcement by the Mainland Chinese tax authorities of any tax may result in a material loss to the relevant Funds. The Management Company and/or the relevant Investment Manager will keep the provisioning policy for tax liability under review, and may, in its discretion from time to time, make a provision for potential tax liabilities, if in their opinion such provision is warranted, or as further clarified by the Mainland Chinese authorities in notifications.

“(iv) Volatility and Liquidity Risk

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. The relevant Funds investing in such market are therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the relevant Funds may therefore incur significant trading and realization costs. The debt securities traded in the CIBM may be difficult or impossible to sell, and this would affect the relevant Funds' ability to acquire or dispose of such securities at their intrinsic value.

“(v) Clearing and Settlement Risk

To the extent that a Fund transacts in the CIBM, such 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 relevant Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value. If the clearing house in Mainland China defaults on its obligation to deliver securities/make payment, the Fund may suffer delays in recovering its losses or may not be able to fully recover its losses.

(vi) Risk of Default of Agents

For investments via the Bond Connect, the relevant filings, registration with People's Bank of China and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the relevant Funds are subject to the risks of default or errors on the part of such third parties.

(vii) System Failure Risks for the Bond Connect

Trading through the Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fail to function properly, trading through Bond Connect may be disrupted. The relevant Fund's ability to trade through the Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where the relevant Fund invests in the CIBM through the Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

(viii) Risk of difference in trading day between markets via the Bond Connect

Due to differences in public holidays between Hong Kong and Mainland China or other reasons such as bad weather conditions, there may be a difference in trading days and trading hours in the markets accessible through the Bond Connect. The Bond Connect will only operate on days when those markets are open for trading and when banks in those markets are open on the corresponding settlement days. As such, it is possible that there are occasions when it is a normal trading day for the CIBM market in Mainland China but it is not possible to carry out any Bond Connect securities trading in Hong Kong.

(ix) Credit default risks associated with Investments in Mainland China Bonds

The Fund is exposed to the credit default risk of issuers of bonds in Mainland China. The issuers may default on their payment obligations or otherwise be unwilling or unable to honor their contractual obligations. The ability of the issuers to satisfy their payment / contractual obligations may be adversely affected by risks inherent in investing in Mainland China, including without limitation economic and political instability, nationalisation, expropriation, government control and intervention, price volatility, and devaluation and fluctuations in RMB. In the event that the issuers default on payment of principal or interest of the bonds that the Fund invests in, the Fund could suffer substantial loss and the net asset value of the Fund could be adversely affected.

(x) Risks associated with the CIBM direct

Investing in the CIBM via CIBM direct is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to debt securities. The relevant rules and regulations on investment in the CIBM via CIBM direct are subject to change which may have potential retrospective effect. In the event that the relevant authorities in Mainland China suspend account opening or trading on the CIBM, the Fund's ability to invest in the CIBM will be adversely affected. In such event, the Fund's ability to achieve its investment objective will be negatively affected."

Other than the change in the investment policy and the exposure to additional risks in relation to the Templeton Asian Bond Fund as a result of an increase in the exposure to Mainland China through the Bond Connect or CIBM direct as outlined above, there will be no material change or increase in the overall risk profile of the Fund and there will be no impact on the feature of the Fund, no change to the

operation and/or the manner in which the Fund is being managed and no material adverse impact on the interests of investors.

(3) Update to the investment policy of the Franklin Income Fund’s expected and maximum levels of exposure to total return swaps and to provide examples of financial derivative instruments that may be used

To aid in the efficient portfolio management of the Franklin Income Fund, with effect from 30 October 2019, 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%. Further, the exposure to swaps would include fixed income related and/or equity related total return swaps. The Investment Manager believes that these updates to the investment policy of the Fund will be beneficial to Shareholders in the Fund. These changes will not result in any additional risks or impact the investment strategy of the Fund. There is no change to the operation and/or the manner in which the Fund is being managed.

(4) Clarification on the investment policy of the Templeton Global Climate Change Fund

For clarificatory purposes, the investment policy of the Templeton Global Climate Change Fund shall be amended as follows with effect from 30 October 2019:

“The Fund seeks to achieve its objective through a policy of investing in equity securities of companies throughout the world that are actively addressing climate change with favourable Environmental, Social and Governance (ESG) attributes. The Fund invests primarily in common stocks of global companies providing solutions to mitigate and adapt to climate change and making their businesses resilient which recognise and adapt to the long-term financial risks and opportunities presented by climate change and resource depletion across all sectors, and are, therefore, better prepared for a transition to a low carbon economy. The Fund’s investment process combines financial and ESG (Environmental, Social and Governance) considerations, and the Fund promotes sustainable environmental, social and governance practices.

The Fund’s climate change objective is to take participation in companies that aim to 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 Agreement adopted in December 2015 (i.e. “holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels”).

The Fund has no exposure to fossil fuel producers, to producers of controversial weapons (i.e., anti-personnel mines, nuclear weaponry, biological & chemical weaponry and cluster munitions) and to companies that generate 10% or more of their revenues from tobacco. On a best effort basis, the Investment Manager proceeds with a formal review of alleged violations of UN Global Compact Principles, international norms on human rights, labour rights, environment standards and anti-corruption statutes. The severity of the violation, response, frequency and nature of the involvement are considered when deciding appropriate action.

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 further invest in time deposits, cash and money market instruments. 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.”

These clarificatory changes will not result in any additional risks or impact the investment strategy of the Fund. There is no change to the operation and/or the manner in which the Fund is being managed.

(5) Update to the investment policy of the Templeton Global Smaller Companies Fund to clarify the use of financial derivative instruments for investment purposes

To aid in the efficient portfolio management of the Templeton Global Smaller Companies Fund, the investment policy of the Fund shall be updated to add the following:

“The Fund may further utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may include, inter alia, swaps, currency forwards, futures contracts, equity and equity index options, equity linked notes, as well as options (including warrants).”

As a result of the Fund’s investment in financial derivative instruments, the Fund will be subject to “Derivative Instruments risk” and “Warrants risk” as described under the “RISK CONSIDERATIONS” section of the Current Explanatory Memorandum.

The Investment Manager believes that this update to the investment policy for the Fund will be beneficial to Shareholders in the Fund. Other than as disclosed above, this update will not result in any additional risks or impact the investment strategy of the Fund. There is no change to the operation and/or the manner in which the Fund is being managed.

(6) Elaborations on the investment policies of several Funds to disclose their investment in Mainland China through the Bond Connect or directly (also referred to as CIBM direct)

The investment policies of the following Funds will be elaborated to disclose that they may invest in Mainland China through the Bond Connect or CIBM direct. The increase in exposure (where applicable) and maximum exposure are also listed in the table below:

Fund	Investment in Mainland China through the Bond Connect or CIBM direct
Franklin Strategic Income Fund	Up to 10%
Templeton Emerging Markets Dynamic Income Fund	Increase from “up to 10%” to “less than 30%”
Templeton Emerging Markets Bond Fund	Increase from “up to 10%” to “less than 30%”
Templeton Global Balanced Fund	Less than 30%
Templeton Global Bond Fund	Less than 30%
Templeton Global High Yield Fund	Less than 30%
Templeton Global Income Fund	Less than 30%
Templeton Global Total Return Fund	Less than 30%

As a result of the Funds’ investment in Mainland China through the Bond Connect or CIBM direct, please refer to the risk disclosures on “China Bond Connect risk” and “Chinese Market risk” under the “RISK CONSIDERATIONS” section of the Current Explanatory Memorandum for details of the relevant risks associated with this proposed change.

Other than as disclosed above, the Investment Managers of the Funds believe there will not be any additional risks as a result of the elaboration to the Funds’ investment policies. There is no change to the operation and/or the manner in which the Funds are being managed.

(7) Elaborations on the investment policies of several Funds to disclose the employment of Environmental, Social and Governance (ESG) rating methodology

With effect from 30 October 2019, the investment policies of the following Funds shall be elaborated to disclose their employment of Environmental, Social and Governance (ESG) rating methodology in the process of building the investment portfolios.

- a. Templeton Asian Bond Fund;
- b. Templeton Emerging Markets Bond Fund;
- c. Templeton Global Bond Fund;
- d. Templeton Global Total Return Fund.

The investment policies of these Funds shall be updated to add the following:

“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.”

(8) clarifications on the investment policy of the Franklin Euro Government Bond Fund to reflect the restrictions in relation to the acceptance of investment by insurance undertakings subject to the provisions of the German law on the supervision of insurance undertakings

With effect from 30 October 2019, the investment policy of the Franklin Euro Government Bond Fund shall be elaborated to reflect the restrictions in respect of acceptance of investment by insurance undertakings subject to the provisions of the German law on the supervision of insurance undertakings. The investment policy of the Fund shall be updated as follows:

“If and for so long as the Fund accepts investment by insurance undertakings subject to the provisions of the German law on the supervision of insurance undertakings (Versicherungsaufsichtsgesetz - VAG), the Fund will not invest in (i) debt securities that are rated below B minus ~~and below~~ by Standard & Poor's Corporation and/or Fitch Ratings Limited, or ~~B3~~ and 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.”

* * * * *

The changes set out in this letter are not expected to give rise to any change in the fee level or fee structure of the Funds, or any additional costs and expenses for Shareholders of the Company (other than the cost of publishing this letter, which is estimated to be approximately HKD500,000 and which will be charged and allocated to the Funds covered in the letter based on the pro rata share of the Net Asset Value of the Funds). Any additional costs and expenses arising from the changes will be borne by the Management Company.

The changes set out in this letter will not have any material adverse impact on the interests of the Funds' investors and are not expected to materially prejudice the rights or interests of Shareholders of the Funds.

* * * * *

If you do not agree with the changes numbered 2, 5 or 6 above, you may request, free of charge until 16 December 2019, for a redemption of your shares of the relevant Funds impacted by such changes or a switching of such shares into shares of other sub-funds of the Company that are authorized¹ by the Securities and Futures Commission of Hong Kong (“SFC”), details of which are disclosed in the Current Explanatory Memorandum.

The Company comprises a wide range of sub-funds catering for many different objectives. Switching of your existing holding may be made into other sub-funds within the Company that are authorized¹ by the SFC. On receipt of your instructions, we will execute the switching for you in accordance with the provisions of the Current Explanatory Memorandum, free of any charges.

If you do not wish to switch your shares and would like to redeem such shares, the redemption will be made in accordance with the provisions of the Current Explanatory Memorandum, free of charge. Please note that “free of any redemption charge” does not apply to the contingent deferred sales charge (“CDSC”) for all classes subject to such CDSC, due to the nature of such fee. Accordingly, should you decide to redeem any shares subject to a CDSC, such redemption will be subject to the applicable CDSC as more fully disclosed in the Current Explanatory Memorandum.

Please note that although the Company will not charge shareholders of the relevant Funds impacted by the changes numbered 2, 5 or 6 above any redemption or switching fee for redemption and switching requests that reach the Hong Kong Representative, in some cases the relevant bank, investment adviser or other intermediary may charge switching and/or transaction fees. They may also have a local dealing cut-off time which is earlier than the dealing deadline described above. Shareholders of the relevant Funds are recommended to check with their bank, investment adviser or other intermediary (if applicable) to ensure that their instructions reach the Hong Kong Representative before the dealing deadline above.

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

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

Yours faithfully,

Franklin Templeton Investments (Asia) Limited

富蘭克林鄧普頓投資(亞洲)有限公司

As Hong Kong Representative of the Company

¹ SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

此乃重要文件，須即時留意。

如閣下對本信件的内容有任何疑問，
請諮詢獨立專業人士意見。

敬啟者：

**富蘭克林鄧普頓投資基金（「本公司」）
– 若干子基金（「基金」）之變更**

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

本信件的目的是要通知投資者：

- (1) 有關富蘭克林美元短期貨幣市場基金的結算期限之變更及其投資政策之澄清，以令其可投資於其他短期貨幣市場基金；
- (2) 有關鄧普頓亞洲債券基金的投資政策之詳細闡述，以披露其可透過債券通或直接投資最高達其資產淨值的 40% 於中國內地（亦稱為直接投資內地銀行間債券市場）；
- (3) 有關富蘭克林入息基金的投資政策中可從事總回報掉期交易的預期及最高投資水平之更新，並就可能使用的金融衍生工具舉例；
- (4) 有關鄧普頓環球氣候變化基金的投資政策之澄清；
- (5) 有關鄧普頓環球小型公司基金的投資政策之更新，以澄清使用金融衍生工具作投資用途；
- (6) 有關下列基金的投資政策之詳細闡述，以披露其可透過債券通或直接投資（亦稱為直接投資內地銀行間債券市場）中國內地；
 - a. 富蘭克林策略收益基金；
 - b. 鄧普頓新興市場動力入息基金；
 - c. 鄧普頓新興市場債券基金；
 - d. 鄧普頓環球均衡增長基金；
 - e. 鄧普頓環球債券基金；
 - f. 鄧普頓環球高息基金；
 - g. 鄧普頓環球入息基金；
 - h. 鄧普頓環球總收益基金；

- (7) 有關下列基金的投資政策之詳細闡述，以披露其採用環境、社會及管治考慮（ESG）的評級方法：
- a. 鄧普頓亞洲債券基金；
 - b. 鄧普頓新興市場債券基金；
 - c. 鄧普頓環球債券基金；
 - d. 鄧普頓環球總收益基金；及
- (8) 有關富蘭克林歐元政府債券基金的投資政策之澄清，以反映有關接納受德國保險監督法條文規限的保險企業的投資之限制。

除另有規定外，本信件內所用的詞語與本公司日期為 2019 年 4 月的基金說明書（經不時修訂）（「現行基金說明書」）所界定者具相同涵義。本信件所載之變更將於 2019 年 12 月 16 日起生效，除非另行訂明。

(1) 有關富蘭克林美元短期貨幣市場基金的結算期限之變更及其投資政策之澄清，以令其可投資於其他短期貨幣市場基金

(i) 有關結算期限之變更

富蘭克林美元短期貨幣市場基金現時規定 (i) 已過戶的認購款項的資金必須要在申請日起計 3 個香港營業日內支付；及 (ii) 贖回款項將在香港代表接到附上詳盡資料的贖回單位的要求起計 3 個香港營業日內存入投資者之銀行戶口。為使此基金符合一般貨幣市場基金的慣例，管理公司打算將此基金的認購及贖回結算週期分別縮短為在 (i) 申請日及 (ii) 收到適當的贖回指示後 1 個香港營業日。

因此，將作出以下變更：

(a) 「認購及贖回單位」 - 「認購」一節下的第五段開頭將作出以下修訂：

「已過戶的認購款項的資金必須要在申請日後三（3）個營業日內支付。富蘭克林美元短期貨幣市場基金的已過戶的認購款項的資金必須要在申請日後一（1）個營業日內支付。」

(b) 「認購及贖回單位」 - 「贖回」一節下的第一段較後部分將作出以下修訂：

「在收取填妥的文件之正本後，贖回款項將於三（3）個營業日內（富蘭克林美元短期貨幣市場基金除外，其款項通常將於一（1）個營業日內支付），及在任何情況下在接到持有人附上詳盡資料的贖回單位的要求起計不超過一個月內以電匯方式，以美元或港元或其他可自由兌換的主要貨幣（按要求）存入閣下之銀行戶口。」

結算期限的變更將由 2019 年 12 月 16 日起生效。在 2019 年 12 月 15 日下午 4 時或之前（香港時間）接獲的任何認購申請，已過戶的認購款項的資金將須在申請日起計三（3）個營業日內支付。在此時間之後接獲的任何認購申請，已過戶的認購款項的資金將須在申請日後一（1）個（而非三（3）個）營業日內支付；在 2019 年 12 月 15 日下午 4 時或之前（香港時間）接獲的任何贖回指示，贖回款項一般將於香港代表收取填妥的文件之正本後三（3）個營業日內支

付，在此時間之後接獲的任何贖回指示，贖回款項將於香港代表收取填妥的文件之正本後一（1）個營業日內支付。

請注意，儘管有上述交易期限，部分中介人或會設置較早的交易截止日期。建議投資者諮詢其銀行、投資顧問或其他中介人（如適用），以確保其符合相關的交易截止日期。

此期限變更適用於此基金的所有股份類別。除此變更外，轉換請求的處理，或交易請求的處理或估值不會變動或受影響。

除上述變更外，基金的營運及／管理方式不會改變，也不會對投資者的利益造成任何重大不利影響。

(ii) 有關富蘭克林美元短期貨幣市場基金的投資政策之澄清，以令其可投資於其他短期貨幣市場基金

由 2019 年 10 月 30 日起，將對此基金的投資政策作出澄清，以允許其投資（a）所有投資在購買時須擁有由標準普爾評級的最低 A 或以上的長期信貸評級或穆迪投資者服務公司評級的最低 A2 或以上的長期信貸評級及（b）少於其資產淨值的 10% 於任何其他短期貨幣市場基金的單位或股份。

上述變更將不會導致任何額外風險或影響基金的投資策略。基金的營運及／或現時管理方式不會改變。

(2) 有關鄧普頓亞洲債券基金的投資政策之詳細闡述，以披露其可透過債券通或直接投資（亦稱為直接投資內地銀行間債券市場）最高達其資產淨值的40%於中國內地

鄧普頓亞洲債券基金的的現行投資政策訂明，可透過債券通或直接投資內地銀行間債券市場最高達基金資產淨值的 10% 於中國內地）。現建議，此最高投資限額可提高至 40%。投資經理相信此額外增加的靈活性將令此基金的投資者受惠。子基金透過債券通或直接投資內地銀行間債券市場從而投資中國內地將是此基金的部分主要投資。

由於基金透過債券通或直接投資內地銀行間債券市場從而投資中國內地，基金將承受較高的「中國債券通風險」及「中國市場風險」（如基金說明書「風險考慮」一節所描述）。此外，基金亦將承受以下額外風險：

「(i) 人民幣貨幣及兌換風險

人民幣現時不可自由兌換，並受到外匯管制和限制。

人民幣並非基礎貨幣的投資者須承擔外匯風險，概不保證人民幣兌換投資者的基礎貨幣（如港幣）不會貶值。人民幣如有任何貶值，可能對投資者在本基金的投資的價值構成不利影響。

儘管離岸人民幣(CNH)及境內人民幣(CNY)屬同一種貨幣，但卻以不同的匯率買賣。CNH 與 CNY 匯率如有分歧，或會對投資者構成不利影響。

在特殊情況下，以人民幣支付的贖回付款及／或派息付款或會因受因人民幣適用的外匯管制及限制而被延誤。

(ii) 信貸評級機構風險

中國內地的信貸評級制度及中國內地所採用的評級方法可能有別於其他市場所採用者。因此，中國內地評級機構所給予的信貸評級未必可直接與其他國際評級機構所給予的評級比較。

(iii) 中國內地的稅務風險

合格的境外機構投資者通過債券通對在內地銀行間債券市場（「CIBM」）進行的交易應繳納的所得稅和其他稅種的處理存在不確定性，儘管中國內地中央政府已宣布徵收臨時稅的減免適用於票息收入的所得稅和增值稅，以及在實踐中，在 CIBM 中買賣債務證券產生的資本收益無需繳稅。中國內地稅法的任何變更、未來的澄清、及／或中國大陸稅務機關事後追溯執行任何稅法，均可能導致相關基金遭受重大損失。管理公司及／或相關的投資經理將不斷審查稅收責任的撥備政策，並且，如果投資經理認為有必要或由中國內地當局在通知中進一步闡明，投資經理可以不時酌情決定對潛在的稅收責任進行撥備。

(iv) 波動性及流動性風險

由於 CIBM 中某些債務證券的低交易量導致的市場波動和潛在的缺乏流動性，可能會導致在該市場上交易的某些債務證券的價格大幅波動。因此，投資於該市場的相關基金面臨流動性和波動性風險。此類證券的價格買賣差價可能很大，因此相關基金可能會招致巨額交易和變現成本。在 CIBM 交易的債務證券可能難以出售或無法出售，這將影響相關基金以其內在價值購買或處置此類證券的能力。

(v) 清算和結算風險

就某基金在 CIBM 中進行交易而言，該基金也可能面臨與結算程序和交易對手違約相關的風險。與相關基金進行交易的交易對手可能會違背其義務，即通過交付相關證券或通過支付價值來結算交易。如果中國內地的結算所不履行其交付證券／付款的義務，則本基金可能會在追回其損失方面遇到延誤，或者可能無法完全追回其損失。

(vi) 代理人違約的風險

對於通過債券通進行投資，進行相關備案、在中國人民銀行註冊及開戶必須通過在岸結算代理人、離岸託管代理人、註冊代理人或其他第三方（視情況而定）。因此，相關基金須承受該等第三方的違約或錯誤風險。

(vii) 債券通系統故障的風險

通過債券通所進行的交易是通過新開發的交易平台和操作系統進行的。無法保證此類系統將正常運行或將繼續適應市場的變化和發展。如果相關系統無法正常運行，則通過債券通進行的交易可能會中斷。因此，相關基金通過債券通交易的能力（從而達到

其投資策略)可能受到不利影響。此外,如果相關基金通過債券通向 CIBM 投資,則可能會面臨下訂單及/或結算系統固有的延遲風險。

(viii) 通過債券通交易市場之間交易日差異的風險

由於香港和中國內地的公眾假期不同,或其他原因,例如惡劣天氣情況下,透過債券通投資的市場可能出現交易日和交易時間的差異。債券通僅在該等市場均開放進行交易及當該等市場的銀行於交收日開放之日子時運作。因此,可能出現的情況是中國內地 CIBM 市場是正常交易日,但香港卻不能進行任何債券通證券的交易。

(ix) 與中國內地債券投資相關的信用違約的風險

本基金承受中國內地債券發行人的信用違約風險。發行人可能會拖欠其付款義務,或者不願或無法履行其合同義務。發行人履行其付款/合同義務的能力可能會受到在中國內地投資的固有風險的不利影響,包括但不限於經濟和政治動盪、國有化、沒收、政府控制及干預、價格波動以及人民幣貶值和波動。如果發行人不支付本基金投資的債券的本金或利息,本基金可能遭受重大損失,並且可能對本基金的資產淨值產生不利影響。

(x) 直接投資內地銀行間債券市場的風險

透過直接投資內地銀行間債券市場投資於 CIBM 須承受監管風險及其他風險如波動性風險、流動性風險、結算及對手方風險及其他適用於債務證券的風險。透過直接投資內地銀行間債券市場投資於 CIBM 的相關的條款與規則可不時修訂(並具追溯效力)。當中國內地相關監管機構暫停 CIBM 的開戶或交易時,將對本基金投資於 CIBM 的能力產生不利影響。在此情況下,將對本基金達成其投資目標的能力產生負面影響。」

除因上述有關鄧普頓亞洲債券基金因增加通過債券通或直接投資內地銀行間債券市場需承受額外風險及導致的投資政策變化外,上述變更將不會導致基金承受額外風險或重大風險改變。基金的特徵、營運及/或現時管理方式將不會改變,亦不會對投資者的利益造成重大不利影響。

(3) 有關富蘭克林入息基金的投資政策中可從事總回報掉期交易的預期及最高投資水平之更新,並就可能使用的金融衍生工具舉例

為支持富蘭克林入息基金有效管理投資組合,由 2019 年 10 月 30 日起,可從事總回報掉期交易的預期投資水平(尚未履行)為基金資產淨值的 5%,最高為 10%。此外,掉期的投資可包括固定收益相關及/或股票相關的總回報掉期。投資經理認為基金之投資政策的此等更新將有利於基金的股東。此等變更將不會導致任何額外風險或影響基金的投資策略。基金的營運及/或現時管理方式不會改變。

(4) 有關鄧普頓環球氣候變化基金的投資政策之澄清

為澄清目的，鄧普頓環球氣候變化基金的投資政策將由 2019 年 10 月 30 日起作出以下修訂：

「本基金透過投資於全球積極解決氣候變化問題具有利環境、社會及管治（「ESG」）特徵的公司的股票證券，以尋求達到其目標。本基金主要地投資於為減少及適應氣候變化提供解決方案並令其業務因識別及適應各行業中由氣候變化與資源匱乏所帶來的長期財務風險及機會從而為低碳經濟轉型作更好準備的全球公司的普通股。本基金的投資流程綜合了財務與環境、社會及管治考慮，及本基金促進了可持續的環境、社會及管治實踐。

本基金的氣候變化目標為參與致力於減少排放、提高資源效率及限制氣候變化的物理後果的公司，以令本基金投資組合的碳足跡與 2015 年 12 月通過的巴黎協議保持一致（即「將全球平均氣溫升幅控制在比工業化前水平高出 2°C 以內，並力爭將升溫幅度限制比工業化前水平高出 1.5°C 以內」）。

本基金並未投資於化石燃料生產商、有爭議武器（殺傷人員地雷、核武器、生化武器及集束彈藥）生產商及其 10% 以上的收入來源於烟草的公司。投資經理將盡最大努力對涉嫌違反聯合國全球盟約原則、有關人權及勞工權力的國際規範、環境標準及反貪污法的行為進行正式檢討。違反的嚴重程度、回應、頻率及參與性質將在決定采取合適行動時予以考慮。

由於透過靈活及可調整的投資政策是更有可能達到其投資目標，本基金可物色投資其他類型證券的投資機會，例如優先股、可兌換普通股證券，及固定收益證券。本基金可進一步投資於定期存款、現金及貨幣市場工具。本基金亦可投資最高達其資產淨值的 10% 於集體投資計劃的單位，例如可轉讓證券集體投資計劃、交易所買賣基金（「交易所買賣基金」）及其他集體投資計劃。」

此等澄清變更將不會導致任何額外風險或影響基金的投資策略。基金的營運及／或現時管理方式不會改變。

(5) 有關鄧普頓環球小型公司基金的投資政策之更新，以澄清使用金融衍生工具作投資用途

為支持鄧普頓環球小型公司基金有效管理投資組合，基金的投資政策將做出更新，以加插以下內容：

「本基金可進一步使用金融衍生工具作對沖、有效管理投資組合及／或投資用途。此等衍生工具可包括，除其他外，掉期、貨幣遠期、期貨合約、股票及股票指數期權、股票掛鈎票據及期權（包括認股權證）。」

由於基金使用金融衍生工具作投資用途，基金將承受「衍生工具風險」及「認股權證風險」（如基金說明書「風險考慮」一節所描述）。

投資經理認為基金之投資政策的此等更新將有利於基金的股東。除上述披露外，此等更新將不會導致任何額外風險或影響基金的投資策略。基金的營運及／或現時管理方式不會改變。

(6) 有關下列基金的投資政策之詳細闡述，以披露其可透過債券通或直接投資（亦稱為直接投資內地銀行間債券市場）中國內地

下列基金的投資政策將作出詳細闡述，以披露其可透過債券通或直接投資內地銀行間債券市場投資中國內地。投資比例增幅（如適用）及最高投資比例亦列於下表：

基金	透過債券通或直接投資內地銀行間債券市場投資中國內地
富蘭克林策略收益基金	最高達 10%
鄧普頓新興市場動力入息基金	由「最高達 10%」增加至「少於 30%」
鄧普頓新興市場債券基金	由「最高達 10%」增加至「少於 30%」
鄧普頓環球均衡增長基金	少於 30%
鄧普頓環球債券基金	少於 30%
鄧普頓環球高息基金	少於 30%
鄧普頓環球入息基金	少於 30%
鄧普頓環球總收益基金	少於 30%

由於基金透過債券通或直接投資內地銀行間債券市場方式投資中國內地，請參閱基金說明書「風險考慮」一節內的風險披露「中國債券通風險」及「中國市場風險」，以了解與此項擬作變更相關的風險之詳細資料。

除上述披露外，基金的投資經理認為基金的投資政策之詳細闡述將不會導致任何額外風險。基金的營運及／或現時管理方式不會改變。

(7) 有關下列基金的投資政策之詳細闡述，以披露其採用環境、社會及管治（ESG）的評級方法

由2019年10月30日起，下列基金的投資政策將作出詳細闡述以披露其在建立投資組合的過程中使用環境、社會及管治（ESG）的評級方法。

- a. 鄧普頓亞洲債券基金；
- b. 鄧普頓新興市場債券基金；
- c. 鄧普頓環球債券基金；
- d. 鄧普頓環球總收益基金。

基金的投資政策將作出更新，以加插以下內容：

「本基金採用專有的環境、社會和管治（ESG）評級方法來評估政府債券發行人，這是由對宏觀經濟表現至關重要的子類別組合得出的。研究團隊通過將其觀點覆蓋在由全球指數針對現行得分創建的基準上來分配所有投資國家的得分。預期中期情況將如何變化的預測數字是強調為研究過程的一部分。ESG 等級較高或預期對 ESG 等級提高持中立態度的國家會優先選擇。ESG 的子類別、權重和使用的全球指數可能會隨時間變化。投資經理對所有潛在和現行持有的債券採用 ESG 評級方法，但該方法的結果可能會與投資組合的構建有所偏差。」

(8) 有關富蘭克林歐元政府債券基金的投資政策之澄清，以反映有關接納受德國保險監督法條文規限的保險企業的投資之限制

由2019年10月30日起，富蘭克林歐元政府債券基金的投資政策將作出詳細闡述，以反映有關接納受德國保險監督法條文規限的保險企業的投資之限制。富蘭克林歐元政府債券基金的投資政策將作出以下更新：

「只要本基金接納受德國保險監督法 (*Versicherungsaufsichtsgesetz - VAG*) 條文規限的保險企業的投資，本基金將不會投資於 (i) 被標準普爾及／或Fitch 評為低於B-或以下或被穆迪投資評為低於B3或以下的證券。不論何時，若本基金的資產降級而導致不再符合此評級要求，為符合投資者的最佳利益，該等資產將於六個月內被賣出。但是，若被降級的證券佔本基金的資產淨值少於3%者，可獲投資經理容許，惟不可損害本基金的股東利益。倘相關債券未被評級，其須被投資經理認為質素相若；及 (ii) 被評為低於投資級別的資產抵押證券。」

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本信件所載之變更預計將不會導致基金的收費水平或收費結構發生任何變化，或導致本公司的股東承擔任何額外費用及開支（除刊發本信件的費用外，預計約為500,000港元，其將由本信件所涵蓋的基金按基金股份的資產淨值比例承擔）。此等變更產生的任何額外費用及開支將由管理公司承擔。

本信件所載之變更將不會對基金的投資者的利益產生任何重大不利影響及預期不會嚴重損害基金股東的權利或利益。

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如閣下不同意上述第 2、5 或 6 項的變更，可在不遲於 2019 年 12 月 16 日贖回相關基金的股份（無需向本公司支付費用）或轉換該等股份至證券及期貨事務監察委員會（「證監會」）認可¹的本公司其他子基金的股份中，有關詳情披露於現行基金說明書。

本公司包含多種可滿足不同目標的子基金。閣下現有的基金的持股可轉換為證監會認可¹的本公司其他子基金中。收到閣下的指示後，本公司將按照現行基金說明書的規定為閣下執行轉換，並不收取任何費用。

如閣下不希望轉換閣下的股份，並想贖回該等股份，贖回將按照現行基金說明書的規定進行，並不收取任何費用。請注意，「不收取任何贖回費用」並不適用於須繳付或然遞延認購費用（「CDSC」）的所有類別股份（鑒於該費用的性質）。因此，如閣下決定贖回任何須繳付CDSC的股份，該贖回須繳付適用的CDSC，如現行基金說明書內更詳細地披露。

¹ 證監會認可並非為對某一計劃作出推介或認許，亦不是對該計劃的商業利弊或表現作出保證。不代表該計劃適合所有投資者，或認許該計劃適合任何個別投資者或任何類別的投資者。

請注意，儘管本公司不會就送達香港代表的贖回及轉換請求向接收受上述第 2、5 或 6 項變更影響的相關基金的股東收取任何贖回或轉換費用，但在部分情況下，相關銀行、投資顧問或其他中介人或會收取轉換及／或交易費用。其亦可能設置較上述交易截止時間為早的本地交易截止時間。建議接收基金的股東諮詢其銀行、投資顧問或其他中介人（如適用），以確保其指示可於上述交易截止時間前送達香港代表。

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

本公司的香港發售文件之更新版本將適時可於香港代表辦事處取得。如閣下需要進一步資料，請聯絡閣下的投資顧問或致電我們的投資者熱線 +852 2805 0111或聯絡香港代表（香港中環干諾道中8號遮打大廈17樓）。如閣下不是香港市場的正式授權中介人，您不需要將此信轉發給您的最終客戶。

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

香港，2019年11月15日