

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, 30 August 2024

Dear Investors,

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

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

Unless otherwise specified herein, capitalized terms used in this letter shall have the meanings assigned to such terms in the Explanatory Memorandum of the Company dated April 2024, as amended from time to time (the “**Explanatory Memorandum**”).

The changes set out in this letter took effect as of 19 July 2024 (the “**Effective Date**”), unless otherwise stated.

1. Reduction of Annual Management Charges (“AMC”)

With effect from 1 October 2024, the annual management charges of the Franklin High Yield Fund and the Franklin U.S. Government Fund shall be reduced as follows:

(a) Franklin High Yield Fund

Share Class	Current AMC	Reduced AMC
Class A	1.20%	1.10%
Class I	0.60%	0.55%
Class N	1.80%	1.70%

(b) Franklin U.S. Government Fund

Share Class	Current AMC	Reduced AMC
Class A	0.95%	0.70%
Class I	0.40%	0.35%
Class N	1.65%	1.40%

2. Removal of the transitional provisions from the investment policy of the Franklin U.S. Government Fund in relation to TBA transactions

Following their entry into force on 27 May 2024, the investment policy of the Franklin U.S. Government Fund shall be updated to remove the transitional provisions from the investment policy in relation to TBA transactions. In this connection, (i) the wording “with effect from 27 May 2024” under the second paragraph of the investment policy of the Fund and (ii) the footnote numbered 18 which specifies that the Fund will be subject to “TBA Transaction risk” with effect from 27 May 2024 shall be removed.

3. Removal of disclosures on Class B Shares

All Class B Shares have reached their maturity (i.e. expiry of 84 months after the date of their purchase) and have been converted into Class A Shares of the same Fund. Also, as stated in the Explanatory Memorandum, with effect from 1 April 2016, Class B Shares of the Company have ceased to be available to new investors for subscription and existing shareholders of the Company would not be able to purchase Class B Shares for subsequent investment. As such, references to and information relating to Class B Shares (including the contingent deferred sales charge) have become obsolete and shall be removed from the Explanatory Memorandum in their entirety.

4. Clarification on the use of financial derivative instruments (“FDIs”)

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

To clarify that the Investment Manager may use FDIs for hedging and/or efficient portfolio management purposes, in line with other sub-funds of the Company that are managed by the same investment management team, the following paragraph shall be added immediately before the last paragraph under the sub-section headed “Investment Policy” in the profile of the Templeton European Small-Mid Cap Fund:

“The Fund may also 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).”

Since the use of FDIs for hedging and/or efficient portfolio management purposes was already permitted in the Explanatory Memorandum, the above updates are made for clarification purpose only and do not amount to material changes to the Fund. The above updates will have no material impact on the way the Fund is being managed and its portfolio’s composition. There will be no material change or increase in the overall risk profile of the Fund following the above updates. Further, the above updates will not give rise to any change in the fee level

or cost in managing the Fund. The above updates do not have a material adverse impact on the Investors' rights or interests.

5. Updated SFDR pre-contractual disclosures of certain Funds

The SFDR pre-contractual disclosures of certain Funds (as specified below) shall be updated to reflect the following key changes:

(a) Introduction of a minimum proportion of sustainable investments of 10% for the following Funds:

- Franklin Biotechnology Discovery Fund
- Franklin Innovation Fund
- Franklin Technology Fund
- Franklin U.S. Opportunities Fund

The Funds' sustainable investments include a minimum allocation of 1% of their respective portfolios to sustainable investments with an environmental objective and a minimum allocation of 1% of their portfolios to sustainable investments with a social objective.

The respective Fund's stock selection criteria are based on the Investment Manager's fundamental bottom-up research with growth, quality, and valuation analysis at its core. It simultaneously assesses target issuers for positive ESG characteristics, aiming to allocate at least 10% of the Fund's portfolio to sustainable investments as defined by the Investment Manager as investments in companies that: (i) derive at least 25% of their revenues from products and services that address at least one of the 17 United Nations Sustainable Development Goals (UN SDG)'s (source: MSCI), or (ii) gain and maintain Science Based Target Initiative (SBTi) approved carbon emission reduction targets and thus are considered to be contributing to fighting against climate change. In addition, the target company would be considered a sustainable investment if it meets the criteria of the Do No Significant Harm (DNSH) and Good Governance tests, both of which are assessed using data from MSCI.

For the avoidance of doubt, the Funds are not classified as ESG funds, pursuant to the "Circular to management companies of SFC authorized unit trusts and mutual funds - ESG funds" issued by the SFC on 29 June 2021.

(b) Updates to reflect that "The data is reviewed on a quarterly basis and includes each company's scope 1+2 greenhouse gas emissions." under the "Does this financial product consider principal adverse impacts on sustainability factors?" section in the SFDR pre-contractual disclosures of the following Funds:

- Franklin India Fund
- Templeton Asian Growth Fund
- Templeton Asian Smaller Companies Fund
- Templeton China A-Shares Fund
- Templeton China Fund
- Templeton Emerging Markets Smaller Companies Fund

Please refer to the updated SFDR pre-contractual disclosures of the relevant Funds for details.

They are available for download from the Hong Kong Representative's website at https://franklintempletonprod.widen.net/s/jqdp5bk5xt/ftif-sfdr-pre-contractual-disclosure-annexes_hk_en¹ (*English version*) and https://franklintempletonprod.widen.net/s/hv85nxn6tb/ftif-sfdr-pre-contractual-disclosure-annexes_hk_cn¹ (*traditional Chinese version*), and they shall also be made available at the office of the Hong Kong Representative.

6. Other updates

The Explanatory Memorandum shall also be updated to reflect the below:

- (a) Updates to the information relating to the conducting officers of the Management Company.
- (b) Updates to reflect that the Franklin NextStep Moderate Fund is no longer offered exclusively to the selected intermediaries by invitation but can be distributed more widely.
- (c) The heading and the paragraph under the sub-section headed "**VALUATION DAY**" under the section headed "**PURCHASE AND REDEMPTION OF SHARES**" shall be deleted for clarification purposes as the revised definition of "Valuation Day" (effective from 1 January 2024) is set out in the relevant Fund's profile.
- (d) Other administrative, clarificatory and/or editorial updates.

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The changes set out in this letter do not amount to a material change to the Funds. There is no material change or increase in the overall risk profiles of any of the Funds following the above changes. Further, the above changes do not have a material adverse impact on Investors' rights or interests (including changes that may limit Investors' ability in exercising their rights), and the above changes are not expected to give rise to any change in the fee level or fee structure of any of the Funds.

Any costs and/or expenses incurred in connection with the above changes shall be borne by the Management Company, other than the cost of publishing this letter, which is estimated to be approximately HKD 120,000 and which shall be charged and allocated to the Funds based on the pro rata share of the Net Asset Value of the Funds.

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¹ The website has not been reviewed by the Securities and Futures Commission.

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

The Explanatory Memorandum and Product Key Facts Statements shall be updated to reflect the above changes in due course. An updated version of the Explanatory Memorandum and Product Key Facts Statements shall be available for download from the Hong Kong Representative's website at www.franklintempleton.com.hk¹, and it shall also be made 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 appointed Investor Hotline at +852 2805 0111 or contact the Hong Kong Representative at 62/F, Two International Finance Centre, 8 Finance Street, 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

此乃重要文件，務請閣下垂注。

**如閣下對本信件的内容有任何疑問，
閣下應尋求獨立專業意見。**

敬啟者：

**富蘭克林鄧普頓投資基金（「本公司」）
- 有關本公司及其子基金（「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」）。

除另有規定外，本信件內所用的詞語與本公司日期為 2024 年 4 月的基金說明書（經不時修訂）（「基金說明書」）所界定者具相同涵義。

除非另有說明，本信件所載的變更自 2024 年 7 月 19 日（「生效日期」）起生效。

1. 每年管理費（「每年管理費」）下調

自 2024 年 10 月 1 日起，富蘭克林高息基金及富蘭克林美國政府基金的每年管理費應下調如下：

(a) 富蘭克林高息基金

股份類別	現行每年管理費	經下調的每年管理費
A 類股份	1.20%	1.10%
I 類股份	0.60%	0.55%
N 類股份	1.80%	1.70%

(b) 富蘭克林美國政府基金

股份類別	現行每年管理費	經下調的每年管理費
A 類股份	0.95%	0.70%
I 類股份	0.40%	0.35%
N 類股份	1.65%	1.40%

2. 刪除富蘭克林美國政府基金的投資政策中與 TBA 交易有關的過渡性條文

在 2024 年 5 月 27 日生效後，富蘭克林美國政府基金的投資政策應作出更新，以刪除投資政策中與 TBA 交易有關的過渡性條文。就此，基金的投資政策的第二段內「由 2024 年 5 月 27 日起」的措詞及 (ii) 訂明由 2024 年 5 月 27 日起，基金將面臨「TBA 交易風險」的第 18 號腳註應予刪除。

3. 刪除有關 B 類份的披露

所有 B 類份的年期均已屆滿（即自購買之日起 84 個月後到期），並已轉換為同一基金的 A 類股份。此外，如基金說明書所載，自 2016 年 4 月 1 日起，本公司的 B 類股份不再可供新投資者認購，且本公司的現有股東將無法購買 B 類股份進行後續投資。因此，有關 B 類股份的提述及資料（包括或然遞延認購費）已過時，應從基金說明書中全部刪除。

4. 澄清有關金融衍生工具的使用

基金說明書標題為「基金資料、目標及投資政策」一節現時訂明，在不超越投資限制所載的範圍，本公司可將本公司的各基金投資於金融衍生工具，以作為有效管理投資組合（貨幣市場基金除外）或對沖作用。

為澄清投資經理可使用金融衍生工具，作對沖及 / 或有效管理投資組合用途，與本公司由同一投資管理團隊管理的其他子基金一致，以下段落應新增至鄧普頓歐洲中小型公司基金的概況中標題為「投資政策」一分節的末段之前：

「本基金亦可使用金融衍生工具，以作對沖及有效管理投資組合用途。此等金融衍生工具可包括，除其他外，掉期，貨幣遠期、期貨合約（包括基於股票、股票指數、利率及貨幣的期貨）、股票及股票指數期權、股票掛鈎票據及期權（包括備兌認購期權及認股權證）。」

由於基金說明書已允許使用金融衍生工具，作對沖及 / 或有效管理投資組合用途，因此上述更新僅為澄清目的，並不構成基金的重大變更。上述更新將不會對基金的管理方式及其投資組合的構成產生重大影響。在上述更新後，基金的整體風險概況將不會出現重大變化或上升。此外，上述更新將不會導致費用水平或管理基金的成本發生任何變化。上述更新不會對投資者的權利或利益產生重大不利影響。

5. 更新若干基金的 SFDR 合約前披露

若干基金的 SFDR 合約前披露應作出更新，以反映以下重要變更：

(a) 下列基金引入 10% 的最低可持續投資比例：

- 富蘭克林生物科技新領域基金
- 富蘭克林創新領域基金
- 富蘭克林科技基金
- 富蘭克林美國機會基金

基金的可持續投資包括將其各自投資組合的至少 1% 分配予具有環境目標的可持續投資，及將其投資組合的至少 1% 分配予具有社會目標的可持續投資。

各基金的選股標準是基於投資經理自下而上的基本面研究，以增長、質素及估值分析為核心。其同時評估目標發行人的正面 ESG 特徵，旨在將基金投資組合的至少 10% 分配予投資經理定義的可持續投資，即對以下公司的投資：(i) 至少 25% 的收入來自至少實現 17 個聯合國可持續發展目標之一的產品和服務（資料來源：MSCI），或(ii) 獲得並維持科學碳目標倡議 (SBTi) 批准的碳減排目標，從而被認為有助於應對氣候變化。此外，如果目標公司符合不造成重大損害 (DNSH) 及良好管治測試的標準，則將被視為可持續投資，這兩項測試均使用 MSCI 的數據進行評估。

為免存疑，根據證監會 2021 年 6 月 29 日發出的《致證監會認可單位信託及互惠基金的管理公司的通函 – 環境、社會及管治基金》，基金將不會被歸類為 ESG 基金。

(b) 反映下列基金的 SFDR 合約前披露中「此金融產品是否考慮了對可持續性因素的主要不利影響？」一節下的「數據每季度檢討一次，包括各公司的範圍 1+2 的溫室氣體排放量」的更新：

- 富蘭克林印度基金
- 鄧普頓亞洲增長基金
- 鄧普頓亞洲小型公司基金
- 鄧普頓中國 A 股基金
- 鄧普頓中國基金
- 鄧普頓新興市場小型公司基金

請參閱相關基金經更新的 SFDR 合約前披露，以了解詳情。

其可於香港代表的網站下載 https://franklintempletonprod.widen.net/s/jqdp5bk5xt/ftif-sfdr-pre-contractual-disclosure-annexes_hk_en¹（英文版本）及 https://franklintempletonprod.widen.net/s/hv85nxn6tb/ftif-sfdr-pre-contractual-disclosure-annexes_hk_cn¹（繁體中文版本），及其亦可於香港代表辦事處查閱。

6. 其他更新

基金說明書亦應作出更新，以反映以下變更：

- (a) 有關管理公司的營運總監的資料更新。
- (b) 有關反映富蘭克林領步均衡基金不再專門透過邀請向選定的中介機構提供，而是可更廣泛分銷的更新。
- (c) 為清楚起見，應刪除「認購及贖回單位」一節中「估值日」一分節下的標題及段落，因為「估值日」的經修訂定義（自 2024 年 1 月 1 日起生效）已載於相關基金的概況中。
- (d) 其他行政、澄清及/或編輯更新。

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本信件所載之變更並不構成對基金的重大變更。上述變更之後，任何基金的整體風險概況並無重大變化或上升。此外，上述變更不會對投資者的權利或利益產生重大不利影響（包括可能限制投資者行使其權利的變更），且上述變更預計不會導致任何基金的收費水平或收費結構發生任何變化。

¹ 本網站未經證券及期貨事務監察委員會審核。

與上述變更相關的任何費用及 / 或開支應由管理公司承擔（刊發本信件的費用除外，該費用預計約為 120,000 港元，應由基金按基金股份的資產淨值比例承擔）。

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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。

基金說明書及產品資料概要將適時更新，以反映上述變更。基金說明書及產品資料概要的更新版本可於香港代表網站 www.franklintempleton.com.hk¹ 下載，並適時於香港代表辦事處提供。

如閣下需要進一步資料，請聯絡閣下的投資顧問、致電我們指定的投資者熱線 +852 2805 0111 或聯絡香港代表（香港中環金融街 8 號國際金融中心二期 62 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，2024 年 8 月 30 日