

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/hv85nxb6tb/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