

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, 22 December 2021

Dear Investors,

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

This letter is intended for the 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, the “**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 2021, as amended from time to time (the “**Explanatory Memorandum**”). The changes stated in this letter came into effect from 3 September 2021, unless otherwise stated.

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

(1) Indication of Article 8/9 for certain Sustainable Finance Disclosure Regulation (SFDR) impacted sub-funds in the Investor Profile section

The Franklin Euro Government Bond Fund and the Templeton Global Bond Fund shall be indicated as Article 8 funds, and Templeton Global Climate Change Fund as an Article 9 fund under the “Investor Profile” of the relevant Funds pursuant to the SFDR which was introduced by the European Commission on sustainability-related disclosures in the financial services sector. The “Sustainability risk” shall be added to the list of risks pertaining to the Funds in the section “**FUND INFORMATION, OBJECTIVES AND INVESTMENT POLICIES**” as appropriate.

(2) Bundling the investment management fees and maintenance charges as annual management charge

The investment management fees and maintenance charges (but not the servicing charges) have been bundled and relabelled as “annual management charges” for all share classes, where applicable. Annual management charges are equivalent to the sum of the investment management fees and maintenance charges and hence, there is no change in the fee level of any of the Funds. Annual management charges will be disclosed in the Explanatory Memorandum and the product key facts statements of the Funds in place of the investment management fees and maintenance charges. You may separately obtain details of the investment management fees and maintenance charges in the annual report of the Company.

For clarity, the following annual management charges apply in respect of the shares as indicated below in the section “**CHARGES AND EXPENSES**”:-

Annual Management Charges for Class A Shares

Fund Name	Annual Management Charges
1. Franklin Biotechnology Discovery Fund	1.50%
2. Franklin Euro Government Bond Fund	0.55%
3. Franklin Euro High Yield Fund	1.20%
4. Franklin Global Convertible Securities Fund	1.25%
5. Franklin Global Growth Fund (formerly known as Franklin World Perspectives Fund)	1.50%
6. Franklin Global Income Fund	1.35%
7. Franklin Global Real Estate Fund	1.50%
8. Franklin Gold and Precious Metals Fund	1.50%
9. Franklin High Yield Fund	1.20%
10. Franklin Income Fund	1.35%
11. Franklin India Fund	1.50%
12. Franklin Innovation Fund	1.50%
13. Franklin MENA Fund	2.00%
14. Franklin Mutual European Fund	1.50%
15. Franklin Mutual Global Discovery Fund	1.50%
16. Franklin Mutual U.S. Value Fund	1.50%
17. Franklin Natural Resources Fund	1.50%
18. Franklin NextStep Balanced Growth Fund	1.25%
19. Franklin NextStep Dynamic Growth Fund	1.35%
20. Franklin NextStep Stable Growth Fund	1.10%
21. Franklin Strategic Income Fund	1.25%
22. Franklin Technology Fund	1.50%
23. Franklin U.S. Dollar Short-Term Money Market Fund	0.40%
24. Franklin U.S. Government Fund	0.95%
25. Franklin U.S. Opportunities Fund	1.50%
26. Templeton Asian Bond Fund	1.05%
27. Templeton Asian Growth Fund	1.85%
28. Templeton Asian Smaller Companies Fund	1.85%
29. Templeton BRIC Fund	2.10%
30. Templeton China Fund	2.10%
31. Templeton Eastern Europe Fund	2.10%
32. Templeton Emerging Markets Bond Fund	1.50%
33. Templeton Emerging Markets Dynamic Income Fund	1.50%
34. Templeton Emerging Markets Fund	1.65%
35. Templeton Emerging Markets Smaller Companies Fund	2.10%
36. Templeton Euroland Fund	1.50%
37. Templeton European Dividend Fund	1.50%
38. Templeton European Small-Mid Cap Fund	1.50%
39. Templeton Frontier Markets Fund	2.10%
40. Templeton Global Balanced Fund	1.30%
41. Templeton Global Bond Fund	1.05%
42. Templeton Global Climate Change Fund	1.50%
43. Templeton Global Equity Income Fund	1.50%
44. Templeton Global Fund	1.50%
45. Templeton Global High Yield Fund	1.35%
46. Templeton Global Income Fund	1.35%

Fund Name	Annual Management Charges
47. Templeton Global Smaller Companies Fund	1.50%
48. Templeton Global Total Return Fund	1.05%
49. Templeton Global Total Return II Fund	1.05%
50. Templeton Latin America Fund	1.90%

Annual Management Charges for Class B Shares

Fund Name	Annual Management Charges
1. Franklin Biotechnology Discovery Fund	1.75%
2. Franklin Global Real Estate Fund	1.75%
3. Franklin High Yield Fund	1.55%
4. Franklin Income Fund	1.60%
5. Franklin India Fund	1.75%
6. Franklin MENA Fund	2.25%
7. Franklin Mutual European Fund	1.75%
8. Franklin Mutual Global Discovery Fund	1.75%
9. Franklin Mutual U.S. Value Fund	1.75%
10. Franklin Technology Fund	1.75%
11. Franklin U.S. Dollar Short-Term Money Market Fund	0.40%
12. Franklin U.S. Government Fund	1.15%
13. Franklin U.S. Opportunities Fund	1.75%
14. Templeton Asian Bond Fund	1.50%
15. Templeton Asian Growth Fund	2.10%
16. Templeton Asian Smaller Companies Fund	2.10%
17. Templeton BRIC Fund	2.35%
18. Templeton Eastern Europe Fund	2.35%
19. Templeton Emerging Markets Bond Fund	1.75%
20. Templeton Emerging Markets Fund	1.90%
21. Templeton Global Balanced Fund	1.55%
22. Templeton Global Bond Fund	1.50%
23. Templeton Global Equity Income Fund	1.75%
24. Templeton Global Fund	1.75%
25. Templeton Global Income Fund	1.60%
26. Templeton Global Total Return Fund	1.50%
27. Templeton Latin America Fund	2.15%

Annual Management Charges Class I Shares

Fund Name	Annual Management Charges
1. Franklin Global Convertible Securities Fund	0.60%
2. Franklin Global Growth Fund (formerly known as Franklin World Perspectives Fund)	0.70%
3. Franklin High Yield Fund	0.60%
4. Franklin India Fund	0.70%
5. Franklin Innovation Fund	0.70%
6. Franklin MENA Fund	1.05%
7. Franklin Mutual European Fund	0.70%
8. Franklin Mutual Global Discovery Fund	0.70%
9. Franklin Mutual U.S. Value Fund	0.70%
10. Franklin Natural Resources Fund	0.70%
11. Franklin U.S. Government Fund	0.40%
12. Templeton Asian Bond Fund	0.55%

Fund Name	Annual Management Charges
13. Templeton Asian Growth Fund	0.90%
14. Templeton Asian Smaller Companies Fund	0.90%
15. Templeton BRIC Fund	1.10%
16. Templeton Eastern Europe Fund	1.10%
17. Templeton Emerging Markets Bond Fund	0.70%
18. Templeton Emerging Markets Fund	1.00%
19. Templeton Emerging Markets Smaller Companies Fund	1.10%
20. Templeton Frontier Markets Fund	1.10%
21. Templeton Global Bond Fund	0.55%
22. Templeton Global Equity Income Fund	0.70%
23. Templeton Global Income Fund	0.60%
24. Templeton Global Total Return Fund	0.55%
25. Templeton Latin America Fund	1.00%

Annual Management Charges for Class N Shares

Fund Name	Annual Management Charges
1. Franklin High Yield Fund	1.80%
2. Franklin Income Fund	1.85%
3. Franklin India Fund	2.25%
4. Franklin MENA Fund	2.50%
5. Franklin Mutual European Fund	2.25%
6. Franklin Mutual Global Discovery Fund	2.25%
7. Franklin Mutual U.S. Value Fund	2.25%
8. Franklin U.S. Government Fund	1.65%
9. Franklin U.S. Opportunities Fund	2.25%
10. Templeton Asian Bond Fund	1.75%
11. Templeton Asian Growth Fund	2.35%
12. Templeton BRIC Fund	2.60%
13. Templeton Eastern Europe Fund	2.60%
14. Templeton Emerging Markets Fund	2.15%
15. Templeton Global Bond Fund	1.75%
16. Templeton Global Equity Income Fund*	2.25%
17. Templeton Global Fund	2.25%
18. Templeton Global Income Fund	1.85%
19. Templeton Global Smaller Companies Fund	2.25%
20. Templeton Global Total Return Fund	1.75%
21. Templeton Latin America Fund	2.40%

* The Class N Shares of the Templeton Global Equity Income Fund have ceased to be offered under the Explanatory Memorandum.

(3) Replacement of the sustainable benchmark applicable to the Templeton Global Climate Change Fund from “MSCI Provisional ACWI Climate Change EU Climate Transition Index” to “MSCI ACWI Climate Change Index”

MSCI Provisional Climate Change EU Climate Transition Indexes, launched in November 2019, have been decommissioned by MSCI on 28 May 2021 and were replaced by MSCI Climate Change Indexes. As a consequence, the MSCI Provisional ACWI Climate Change EU Climate Transition Index used to measure the sustainable investment objective of the Fund was replaced by the MSCI ACWI Climate Change Index. The new benchmark has adopted the same methodology as the decommissioned Index. All other features of the Fund remain the same and there will be no impact on the asset allocation, risk profile or on the fees charged to the Fund.

(4) Enhancement of disclosures on the investment policies of the following Funds on their exposure to securities lending transactions:-

- a. **Franklin Euro Government Bond Fund;**
- b. **Franklin Euro High Yield Fund;**
- c. **Franklin Global Convertible Securities Fund;**
- d. **Franklin High Yield Fund;**
- e. **Franklin MENA Fund;**
- f. **Franklin U.S. Government Fund;**
- g. **Templeton Asian Bond Fund;**
- h. **Templeton Asian Growth Fund;**
- i. **Templeton Eastern Europe Fund;**
- j. **Templeton Emerging Markets Bond Fund;**
- k. **Templeton Emerging Markets Fund;**
- l. **Templeton European Dividend Fund;**
- m. **Templeton European Small-Mid Cap Fund;**
- n. **Templeton Frontier Markets Fund;**
- o. **Templeton Global Bond Fund;**
- p. **Templeton Global High Yield Fund;**
- q. **Templeton Global Total Return Fund; and**
- r. **Templeton Latin America Fund.**

The investment policies of the Funds shall be enhanced to disclose that their expected level of exposure to securities lending transactions respectively amounts to 5% of their net assets. The “Securities Lending risk” shall be added to the list of risks pertaining to the Funds in the section “**FUND INFORMATION, OBJECTIVES AND INVESTMENT POLICIES**”.

(5) Updates to the benchmark names

The way of disclosing the benchmark names for the following Funds in the Explanatory Memorandum have been aligned with that for the rest of the Funds, by removing “NR” (i.e. net return) at the end of such benchmark names, as set out below. Such information on calculation methodology of the benchmarks (e.g. net return) can be found in the product key facts statements of the Funds.

- a. Franklin Global Income Fund: Blended 50% MSCI ACWI High Dividend Yield ~~NR~~ + 20% Bloomberg Barclays Global High Yield Corporate + 30% Bloomberg Barclays Global Aggregate Index
- b. Franklin India Fund: MSCI India Index ~~NR~~
- c. Franklin Mutual European Fund: MSCI Europe Value Index ~~NR~~
- d. Franklin Mutual Global Discovery Fund: MSCI World Value Index ~~NR~~
- e. Franklin Mutual U.S. Value Fund: Russell 1000 Value Index ~~NR~~
- f. Franklin Global Growth Fund (formerly known as Franklin World Perspectives Fund): MSCI World Index ~~NR~~
- g. Templeton Asian Growth Fund: MSCI All Country Asia ex-Japan 10/40 Index ~~NR~~
- h. Templeton BRIC Fund: MSCI BRIC Index ~~NR~~
- i. Templeton China Fund: MSCI China 10/40 Index ~~NR~~
- j. Templeton Eastern Europe Fund: MSCI EM Europe Index ~~NR~~
- k. Templeton Emerging Markets Dynamic Income Fund: Blended 50% MSCI Emerging Markets ~~NR~~ + 50% JP Morgan GBI-EM Global Diversified Index
- l. Templeton Emerging Markets Fund: MSCI Emerging Markets Index ~~NR~~
- m. Templeton Euroland Fund: MSCI EMU Index ~~NR~~
- n. Templeton European Dividend Fund: MSCI Europe Index ~~NR~~
- o. Templeton European Small-Mid Cap Fund: MSCI Europe Small-Mid Cap Index ~~NR~~
- p. Templeton Frontier Markets Fund: MSCI Frontier Emerging Markets Select Countries Capped Index ~~NR~~

- q. Templeton Global Balanced Fund: Custom 65% MSCI ACWI-~~NR~~ + 35% JP Morgan Global Government Bond Index
- r. Templeton Global Equity Income Fund: MSCI All Country World Index-~~NR~~
- s. Templeton Global Fund: MSCI All Country World Index-~~NR~~
- t. Templeton Global Income Fund: Blended 50% MSCI All Country World Index-~~NR~~ + 50% Bloomberg Barclays Multiverse Index
- u. Templeton Latin America Fund: MSCI EM Latin America Index-~~NR~~

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There will be no material change or increase in the overall risk profile of any of the Funds. Further, other than as stated, there will be no change in the operation and/or the manner in which the Funds are being managed. The changes set out in this letter will not have any material adverse impact on the interests of the Investors and are not expected to materially prejudice the rights or interests of the Investors.

The changes set out in this letter are not expected to give rise to any change in the fee level of any of the Funds, or any additional costs and expenses for the Investors (other than the cost of publishing this letter, which is estimated to be approximately HKD 150,000 and which will be charged and allocated to the Funds covered in this 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.

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The Management Company and the Board of Directors of the Company 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 the product key facts statements of the Funds (which are available for download from the Hong Kong Representative's website at www.franklintempleton.com.hk¹) will be updated for the changes described above and will be made available at the office of the Hong Kong Representative in due course.

If you require any 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 The website has not been reviewed by the SFC.