

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, 27 November 2019

Dear Investor,

**Franklin Templeton Investment Funds (the “Company”)
- Changes to the disclosures on the use of derivatives of certain sub-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 the Investors of certain changes to the disclosures on the use of derivatives of the following sub-funds of the Company:

- Franklin Strategic Income Fund
- Templeton Asian Bond Fund
- Templeton Emerging Markets Bond Fund
- Templeton Global Bond Fund
- Templeton Global Income Fund
- Templeton Global High Yield Fund
- Templeton Global Total Return Fund

(collectively, the “**Affected Funds**”)

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 “**Explanatory Memorandum**”).

On 17 December 2018, the Securities and Futures Commission (“SFC”) published the Guide on the Use of Financial Derivative Instruments for Unit Trusts and Mutual Funds (“**Derivative Guide**”). In connection with the requirements on the use of derivatives under revised Code on Unit Trusts and Mutual Funds which came into effect on 1 January 2019 (with a transitional period of 12 months provided to existing scheme and existing scheme operators), the Derivative Guide provides guidance on the calculation of net derivative exposure (“NDE”). In particular, the Derivative Guide provides clarity on, among other things, the circumstances where use of derivatives may be excluded from the NDE of an SFC-authorized* fund.

The NDE of the Affected Funds calculated in accordance with the Derivative Guide are set out in the table below.

Fund Name	Net Derivative Exposure (percentage of the net asset value of the Fund)
1. Franklin Strategic Income Fund	Up to 50%
2. Templeton Asian Bond Fund	Up to 50%
3. Templeton Emerging Markets Bond Fund	Up to 50%
4. Templeton Global Bond Fund	Up to 50%
5. Templeton Global Income Fund	Up to 50%
6. Templeton Global High Yield Fund	Up to 50%
7. Templeton Global Total Return Fund	More than 50% but up to 100%

It is currently disclosed in the Explanatory Memorandum and the product key facts statements (“KFS”) of the Affected Funds that the Affected Funds may invest extensively in financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. The disclosures on the use of derivatives in both the Explanatory Memorandum and the KFS of the Affected Funds will be updated to reflect the NDE of the Affected Funds at least one-month after the date of this notice, but in any event before the end of December 2019.

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Rest assured, there will be no material changes to the investment objectives, policies or strategies of the Affected Funds. The changes listed above are not expected to have any material adverse impact on the interests of the Investors. There will be no material change or increase in the overall risk profile of the Affected Funds.

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 Affected Funds, or any additional costs and expenses for the Investors (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 Affected Funds based on the pro rata share of the net asset value of the Affected Funds). Any additional costs and expenses arising from the changes will be borne by the Management Company.

The changes set out in this letter are not expected to materially prejudice the rights or interests of the Investors.

*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.

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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.

An updated version of the Explanatory Memorandum and the KFS of the Affected Funds will be 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

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」）
– 若干子基金有關運用衍生工具的披露之變更

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，有關本公司的下列子基金運用衍生工具的披露之變更：

- 富蘭克林策略收益基金
- 鄧普頓亞洲債券基金
- 鄧普頓新興市場債券基金
- 鄧普頓環球債券基金
- 鄧普頓環球入息基金
- 鄧普頓環球高息基金
- 鄧普頓環球總收益基金

（合稱，「**受影響基金**」）

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）（「**基金說明書**」）所界定者具相同涵義。

證券及期貨事務監察委員會（「證監會」）於 2018 年 12 月 17 日發表《單位信託及互惠基金運用金融衍生工具指南》（「《衍生工具指南》」）。關於 2019 年 1 月 1 日生效的修訂後的《單位信託及互惠基金守則》中的衍生產品運用要求（向現有計劃及現有計劃經營者給予 12 個月的過渡期），《衍生工具指南》提供了關於衍生工具風險承擔淨額（「衍生工具風險承擔淨額」）的計算方法的指引。尤其是，《衍生工具指南》對可能在證監會認可^{*}基金中排除運用衍生產品的情況（其中包括）提供了明確說明。

下表列出了根據《衍生工具指南》計算出的受影響基金的衍生工具風險承擔淨額。

基金名稱	衍生工具風險承擔淨額 (基金資產淨值的百分比)
1. 富蘭克林策略收益基金	最高達 50%
2. 鄧普頓亞洲債券基金	最高達 50%
3. 鄧普頓新興市場債券基金	最高達 50%
4. 鄧普頓環球債券基金	最高達 50%
5. 鄧普頓環球入息基金	最高達 50%
6. 鄧普頓環球高息基金	最高達 50%
7. 鄧普頓環球總收益基金	超過 50%，但最高可達 100%

目前在基金說明書及受影響基金的產品資料概要（「**產品資料概要**」）中披露，受影響基金可廣泛地投資於金融衍生工具，以用於對沖、有效的投資組合管理及／或投資目的。受影響基金在基金說明書及產品資料概要中運用衍生工具的披露將在此通知日期後的至少一個月後更新（但無論如何，在 2019 年 12 月底之前），以反映受影響基金的衍生工具風險承擔淨額。

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請放心，受影響基金的投資目標、政策或策略將不會發生重大變更。上述變更預期不會對投資者的利益造成任何重大不利影響。受影響基金的整體風險狀況亦不會發生重大變更或增加。

本信件所載之變更預計將不會導致受影響基金的收費水平或收費結構發生任何變更，或導致投資者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，其將由受影響基金承擔並按受影響基金的資產淨值的比例分配予受影響基金）。此等變更產生的任何額外費用及開支將由管理公司承擔。

本信件所載之變更預計不會嚴重損害投資者的權利或利益。

^{*} 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。

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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。

本公司的基金說明書及受影響基金的產品資料概要之更新版本亦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27日