

盧森堡，2022年5月23日

Franklin Templeton Investment Funds之數個子基金之投資政策修訂

股東鈞鑑：

1. SFDR更新

本信件旨在通知您，鑑於投資者之需求，Franklin Templeton Investment Funds（以下稱「本公司」）董事會已決定對以下所列子基金（以下稱「本基金」）之投資政策進行修訂，將本基金之類別從符合《永續金融揭露規範》（以下稱「SFDR」）第6條調整為符合第8條，以更準確地反映適用於本基金之環境、社會及公司治理（ESG）評級方法：

- 生技領航基金 Franklin Biotechnology Discovery Fund
- 歐洲非投資等級債券基金 Franklin Euro High Yield Fund
- 科技基金 Franklin Technology Fund
- 美國機會基金 Franklin U.S. Opportunities Fund
- 亞洲債券基金 Templeton Asian Bond Fund
- 新興國家固定收益基金 Templeton Emerging Markets Bond Fund

綜上所述，請注意(i)本基金的「投資人剖析」小節將相應更新，(ii)「永續風險」將納入本基金的風險考量部分，以及(iii)本基金的情況簡介將新增以下「永續經濟活動分類規則」小節：

「永續經濟活動分類規則」

根據其ESG評級方法，本基金促進環境、社會和治理特性。儘管本基金不承諾投資於符合分類的環境永續活動，該等活動有助於實現緩解氣候變化及適應氣候變化的目標，但不能排除一種可能性，即本基金的基礎投資可能附帶包括旨在透過重點關注緩解氣候變化及適應氣候變化而對環境產生積極影響的投資，這些投資可能但不一定符合分類。投資者應注意，《永續經濟活動分類規則》所規定的「不造成重大損害」原則僅適用於本基金下的那些考慮到歐盟環境永續經濟活動標準的投資。本基金下不屬於符合分類的環境永續活動的投資，不考慮《永續經濟活動分類規則》所規定的歐盟環境永續經濟活動標準。」

2. 進一步更新

歐洲非投資等級債券基金之投資政策將進一步修訂，使投資經理能夠投資於可轉換證券，並將不超過5%的本基金淨資產投資於或有可轉換證券。

此外，生技領航基金、科技基金及美國機會基金之投資政策將進一步修訂，使投資經理能夠投資於私人企業和上市後私募投資（PIPE）所發行的證券，以及投資於特殊目的收購公司（SPAC）。為此，新增的「SPAC風險」、「PIPE風險」、「私人企業風險」及「股票風險」納入前述子基金的風險考量部分。

影響

除歐洲非投資等級債券基金外，不會對本基金之管理方式、投資組合構成、風險概況、SRRI或收取的費用產生實質性影響，而上述子基金之投資組合構成將受到投資範圍輕微減少的影響。

本基金之投資目標及政策將更新，以反映上述修訂（詳情見本函附錄），自2022年6月24日起生效。

新投資政策將反映在本企業的更新版公開說明書中，可應要求在線上或在企業註冊辦事處獲得其副本。本基金的所有其他特徵保持不變。

您需要做什麼


如果您對變更感到滿意，無需執行任何操作。只要該等基金可於您所在的國家/地區分配，您還可選擇將您的股票轉換為公司的其他基金。您也可要求贖回您的投資。無論您欲採取任一選項，請參閱最新的公開說明書條款。將免費處理日2022年6月24日前收到的此類轉換或贖回要求。

需要更多資訊

專業的客戶服務團隊很樂意為您解答有關富蘭克林坦伯頓的任何常見問題。閣下只需致電當地的客戶服務團隊，造訪我們的網站 <https://www.franklin.com.tw/>，或者如果您需要有關投資的建議，請諮詢財務顧問。

我們感謝閣下選擇將您的投資交給富蘭克林坦伯頓基金集團。

順祝商祺！



Craig Blair · Franklin Templeton International Services S.à r.l. 執行長
Franklin Templeton Investment Funds 管理公司

投資政策

本基金主要投資於位於美國及其他國家的生物技術企業及發現研究企業（包括中小型企業）的權益證券，並少量投資於世界各地任何類型發行人的債務證券。

就本基金之投資而言，生物技術企業係指至少有50%的收益來自生物技術活動，或者至少有50%的淨資產用於該企業最近一個財政年度舉行的生物技術活動的企業。生物技術活動係指各種生物技術或生物醫學產品、服務及工藝之研究、開發、製造及分銷。其中可能包括涉及基因組學、基因工程及基因治療的企業，還包括在健康照護、製藥及農業等領域應用及開發生物技術的企業。

由於投資經理認為，環境、社會和治理（ESG）因素可以對企業當前及未來的企業價值產生重大影響，因此，ESG考量因素是其基本投資研究及決策過程中不可或缺的組成部分。投資經理採用具有約束力的專有ESG評級方法，適用於本基金至少90%的投資組合，以確定企業在相關環境、社會和治理問題上的概況。投資經理對可能成為本基金投資對象（「基金投資範圍」）的企業進行評估，並根據定量及定性指標給出總體的ESG評級，例如藥品可負擔性/價格、性別多樣性與包容性、員工滿意度以及環境影響/溫室氣體排放。投資經理根據專有的ESG評級方法為發行人提供的評級包括四個等級：AAA（同類最佳/優秀）、AA（良好）、A（一般）及B（需要改進）。投資經理的ESG評級方法包括定期與企業對話、監測重大的ESG問題及投票代理。評級為「B」的企業或因不符合投資經理的基本標準而未被評級的企業將被排除在本基金的投資組合之外。

本基金還適用特定的ESG例外情況，不會投資於經投資經理分析存在以下情形之企業：

- 嚴重違反《聯合國全球契約》中規定的原則（無正面觀點）；
- 從生產及/或銷售武器中產生超過10%的收入；
- 參與專用及/或關鍵的違禁武器元件的生產、分銷或批發貿易¹（即殺傷性地雷、生物及化學武器以及集束彈藥）；
- 製造菸草、菸草製品或者從菸草製品取得收入超過5%；
- 其10%以上的收入來自熱煤開採或燃煤發電。

此外，本基金不會投資於根據「自由之家指數」評分不足的主權發行人²。

由於前述ESG評級方法及例外情況，本基金投資組合的加權平均基礎ESG得分高於本基金投資範圍的平均基礎ESG得分。每個投資組合企業的ESG得分將至少每年進行一次審查及更新

就本基金投資於債務證券而言，其一般購買經評級為投資級的證券或經其確定具有同等品質的未評級證券。投資級債務證券被標準普爾公司（Standard & Poor's Corporation）或穆迪投資者服務公司（Moody's Investors Service, Inc.）等獨立評級機構評為四大評級類別。

本基金預計，在正常情況下，其會將更多淨資產投資於美國證券，而非投資於任何其他單一國家的證券，儘管本基金可能有超過50%的淨資產投資於非美國證券。

根據投資限制，本基金(i)最多還可將其淨資產的5%投資於私人公司和上市後私募投資（PIPE）所發行的證券，以及最多可將其淨資產的5%投資於特殊目的收購公司（SPAC），惟根據2010年12月17日之法律第41條第(1)或(2)a)款，擬設立之PIPE及SPAC符合可轉讓證券之條件。

當投資經理認為證券交易市場或本基金投資國的經濟正經歷過度波動、長期普遍下跌或其他不利情況時，可以採取臨時防禦性現金部位。

因此，請注意，本基金的「投資人剖析」小節將更新如下：

「考量上述之投資目標，本基金可能訴諸以下投資者：

- 尋求投資於符合SFDR第8條規定之基金的投資者
- 尋求藉由投資於權益證券來達成資本增值機會之投資者
- 成長型投資在美國和世界各地尋求投資於生物技術領域機會之投資者
- 做中長期投資之投資者」

¹ (a)以下公約定義的武器：(i)《關於禁止使用、儲存、生產及轉讓殺傷性地雷及銷毀此種地雷之公約》，及(ii)《禁止集束彈藥公約》，以及(b)分別根據《聯合國生物武器公約》和《聯合國化學武器公約》分類為B類或C類的武器。

² <https://freedomhouse.org/report/freedom-world/freedom-world-2018>

投資政策

本基金旨在透過直接或透過使用金融衍生工具主要投資於歐洲或非歐洲發行人的固定收益債務證券來實現其目標。本基金對固定收益證券的投資比例至少為75%。這些金融衍生工具（不適用下文詳述之ESG專有評分方法）除其他外，可能包括交換，如信用違約交換或與固定收益相關的總收益交換、遠期、期貨合約，以及在監管市場或場外交易市場上交易的此類合約的選擇權。本基金可將金融衍生工具用於對沖、高效投資組合管理和投資目的。本基金主要投資於以歐元計價或非歐元計價的歐元對沖固定收益債券，其評級為非投資級，或在未評級的情況下，其同等評級。投資經理試圖透過對發行人進行獨立的信用分析及使本基金在不同發行人之間的投資多樣化來避免過度風險。

本基金採用專有的環境、社會和治理（ESG）評級方法，對可能成為本基金投資對象（本基金的「投資範圍」）的證券進行評估，並適用某些限制，詳述如下。ESG評級方法適用於本基金投資組合中的所有發行人，並對投資組合的構建具有約束力。

ESG因素是本基金企業信貸研究過程的重要組成部分，將自下而上的基本信貸分析與對任何實質性的ESG因素的審查相結合，從而對信貸的優勢、劣勢和潛在風險進行全面評估。投資經理的分析師可能會與提出具體碳排放問題的發行人合作，以改善其在這些領域應用的風險管理。

在整個投資組合中³，本基金不得投資於以下發行人：

- 屢次嚴重違反《聯合國全球契約》中規定的原則，如
 - 保護國際人權
 - 無共謀侵犯人權
 - 尊重結社自由和集體談判的權利
 - 消除強迫勞動
 - 廢除童工
 - 消除就業與職業方面的歧視
 - 處理環境問題的預防原則/應對環境挑戰的方法
 - 提高環保意識/責任
 - 開發和傳播/擴散環保技術
 - 打擊/反對各種形式的腐敗
- 製造核武器或有爭議的武器，武器的定義為殺傷性地雷、生化武器；或製造用於此類武器的元件；
- 製造常規武器；其從此類產品獲得的收入超過投資經理的閾值(5%)；
- 製造菸草、菸草製品或者從菸草製品取得收入超過投資經理的閾值(5%)；
- 擁護按照定製博彩政策制定的博彩公司定製名單；
- 其5%以上的收入來自熱煤開採；
- 根據MSCI的ESG評級為CCC；
- 因社會爭議而被標記為紅色。該危險信號來源於社會支柱中得分最低的子支柱（客戶、人權與社群、勞工權利與供應鏈）。

由於前述ESG評級方法及例外情況，本基金投資組合的加權平均基礎ESG得分高於本基金投資範圍的平均基礎ESG得分。每個投資組合企業的ESG得分將至少每年進行一次審查及更新。

由於透過靈活和適應性強的投資政策來實現投資目標的可能性更大，本基金還可以在臨時或輔助的基礎上尋求投資於任何其他類型的歐元計價證券的機會，如政府證券、優先股、普通股和其他與股權掛鉤的證券、認股權證以及可轉換為普通股的證券和債券。本基金最多可將其10%的淨資產投資於與信貸掛鉤的證券，投資經理可將其作為一種手段，以更迅速、更有效地投資於非投資等級、銀行貸款及投資級債券市場的某些領域。本基金亦最多可將其淨資產的10%投資於違約證券。此外，本基金還可以輔助投資於可轉換證券和或有可轉換證券（或有可轉換證券的投資不得超過本基金淨資產的5%）。

本基金的名稱反映本基金的基礎貨幣是歐元，並不一定意味著本基金的任何特定比例的淨投資資產是以歐元計價的。

本基金也可以從資本、已實現和未實現的資本淨收益以及費用的收入總額進行分配。雖然可能允許分配更多的收入，但也可能產生減少資本的作用。

³ 對不符合這些標準的企業的投資允許有5%的緩衝。

科技基金

投資政策

本基金將其淨投資資產的至少三分之二投資於有望從技術、通訊服務和設備的開發、提升和使用中受益的美國和非美國企業的權益證券。例如，其中可能包括下列行業中的企業：

- 通訊和計算相關的委外服務；
- 技術服務，包括電腦軟體、資料服務和網際網路服務；
- 電子技術，包括電腦、電腦產品和電子元件；
- 電信，包括網路、無線和有線服務和設備；
- 媒體和資訊服務，包括資訊分發和內容提供者；
- 半導體及半導體設備；以及
- 精密儀器。

本基金使用的成長法會對企業進行細緻深入、自下而上、基本的研究。投資經理在考慮投資選擇時還要考慮廣泛的趨勢。投資經理通常會尋找其認為展現出或將展現以下某些特徵的企業：優質管理；強勁的成長前景；強大的市場地位；較高或不斷上升的利潤率；以及良好的資本投資回報等。由於投資經理認為，環境、社會和治理（ESG）因素與技術產業的投資特別相關，有助於創造股東價值，因此，ESG考量因素是其基本投資研究不可或缺的組成部分。為此，投資經理採用具有約束力的專有ESG評級方法，適用於本基金至少90%的投資組合，以確定企業在相關環境、社會和治理問題上的概況。投資經理對可能成為本基金投資對象（「基金投資範圍」）的企業進行評估，並根據定量及定性因素給出總體的ESG評級，例如網路安全和資料隱私、爭議材料的使用、人力資本的支援、多樣性和包容性，以及環境影響（碳排放、電子廢棄物、用水）。投資經理根據專有的ESG評級方法為發行人提供的評級包括四個等級：AAA（同類最佳/優秀）、AA（良好）、A（一般）及B（需要改進）。投資經理的ESG評級方法包括定期與企業對話、監測重大的ESG問題及投票代理。評級為「B」的企業或因不符合投資經理的基本標準而未被評級的企業將被排除在本基金的投資組合之外。

本基金還適用特定的ESG例外情況，不會投資於經投資經理分析存在以下情形之企業：

- 嚴重違反《聯合國全球契約》中規定的原則（無正面觀點）；
- 從生產及/或銷售武器中產生超過10%的收入；
- 參與專用及/或關鍵的違禁武器元件的生產、分銷或批發貿易⁶（即殺傷性地雷、生物及化學武器以及集束彈藥）；
- 製造菸草、菸草製品或者從菸草製品取得收入超過5%；
- 其10%以上的收入來自熱煤開採或燃煤發電。

此外，本基金不會投資於根據「自由之家指數」評分不足的主權發行人⁷。

由於前述ESG評級方法及例外情況，本基金投資組合的加權平均基礎ESG得分高於本基金投資範圍的平均基礎ESG得分。每個投資組合企業的ESG得分將至少每年進行一次審查及更新。

本基金投資於美國和非美國的大型成熟企業以及中小型企業的證券，投資經理認為這些企業提供了良好的新興成長機會。

根據投資限制，本基金(i)最多還可將其淨資產的10%投資於私人公司和上市後私募投資（PIPE）所發行的證券，以及(ii)最多可將其淨資產的5%投資於特殊目的收購公司（SPAC），惟根據2010年12月17日之法律第41條第(1)或(2)a款，擬設立之PIPE及SPAC符合可轉讓證券之條件。

本基金還可以投資於任何類型的境外或美國發行人的權益或債務證券，以及美國、歐洲或全球存託憑證。

⁶ (a)以下公約定義的武器：(i)《關於禁止使用、儲存、生產及轉讓殺傷性地雷及銷毀此種地雷之公約》，及(ii)《禁止集束彈藥公約》，以及(b)分別根據《聯合國生物武器公約》和《聯合國化學武器公約》分類為B類或C類的武器。

⁷ <https://freedomhouse.org/report/freedom-world/freedom-world-2018>

美國機會基金

投資政策

本基金主要投資於表現強勁成長力道、持續增強的獲利能力、或具有高於平均水平的成長力，或與整體經濟相比具成長潛力的美國公司的權益證券。權益證券通常賦予持有人參與企業的一般經營業績的權利。其中包括普通股、可轉換證券和證券認股權證。

本基金主要投資於在多個產業中具有強勁成長潛力的小型、中型和大型企業。在選擇股權投資時，投資經理將進行基本的、自下而上的研究，重點關注那些被認為具有永續成長特徵及滿足成長、品質和估值標準的企業。投資經理將重點關注具有非凡成長潛力的產業，以及在這些產業中快速成長、勇於創新的企業。

除了堅實的管理和健全的財務記錄是因素外，投資經理還將環境、社會和治理（ESG）因素作為其基本投資研究和決策過程不可或缺的組成部分。為此，投資經理採用具有約束力的專有ESG評級方法，適用於本基金至少90%的投資組合，以確定企業在相關環境、社會和治理問題上的概況。投資經理對可能成為本基金投資對象（「基金投資範圍」）的企業進行評估，並根據定量及定性指標給出總體的ESG評級，例如健康與安全、資料安全性、多樣性和包容性以及環境影響（用溫室氣體排放和碳足跡來衡量）。投資經理根據專有的ESG評級方法為發行人提供的評級包括四個等級：AAA（同類最佳/優秀）、AA（良好）、A（一般）及B（需要改進）。投資經理的ESG評級方法包括定期與企業對話、監測重大的ESG問題及投票代理。評級為「B」的企業或因不符合投資經理的基本標準而未被評級的企業將被排除在本基金的投資組合之外。

本基金還適用特定的ESG例外情況，不會投資於經投資經理分析存在以下情形之企業：

- 嚴重違反《聯合國全球契約》中規定的原則（無正面觀點）；
- 從生產及/或銷售武器中產生超過10%的收入；
- 參與專用及/或關鍵的違禁武器元件的生產、分銷或批發貿易¹⁰（即殺傷性地雷、生物及化學武器以及集束彈藥）；
- 製造菸草、菸草製品或者從菸草製品取得收入超過5%；
- 其10%以上的收入來自熱煤開採或燃煤發電。

此外，本基金不會投資於根據「自由之家指數」評分不足的主權發行人¹¹。

由於前述ESG評級方法及例外情況，本基金投資組合的加權平均基礎ESG得分高於本基金投資範圍的平均基礎ESG得分。每個投資組合企業的ESG得分將至少每年進行一次審查及更新。

雖然投資經理在許多產業中尋找投資，但本基金可能不時在特定產業持有大量部位，例如技術（包括電子技術、技術服務、生物技術和健康照護技術）。根據投資限制，本基金(i)最多還可將其淨資產的5%投資於私人公司和上市後私募投資（PIPE）所發行的證券，以及(ii)最多可將其淨資產的5%投資於特殊目的收購公司（SPAC），惟根據2010年12月17日之法律第41條第(1)或(2)a)款，擬設立之PIPE及SPAC符合可轉讓證券之條件。

⁸ a)以下公約定義的武器：(i)《關於禁止使用、儲存、生產及轉讓殺傷性地雷及銷毀此種地雷之公約》，及(ii)《禁止集束彈藥公約》，以及(b)分別根據《聯合國生物武器公約》和《聯合國化學武器公約》分類為B類或C類的武器。

⁹ <https://freedomhouse.org/report/freedom-world/freedom-world-2018>

¹⁰ (a)以下公約定義的武器：(i)《關於禁止使用、儲存、生產及轉讓殺傷性地雷及銷毀此種地雷之公約》，及(ii)《禁止集束彈藥公約》，以及(b)分別根據《聯合國生物武器公約》和《聯合國化學武器公約》分類為B類或C類的武器。

¹¹ <https://freedomhouse.org/report/freedom-world/freedom-world-2018>

投資政策

本基金旨在透過主要投資於固定利率和浮動利率債務證券，以及亞洲各地政府和政府相關發行人以及企業實體發行的債務憑證的投資組合來實現其目標。本基金還可以購買如國際復興開發銀行或歐洲投資銀行等由數個國家政府組織或支援的超國家實體發行的債務憑證。

對於主權發行人，本基金採用專有的環境、社會和治理（ESG）評級方法來評估政府債券發行人。這種評級方法根據確定對宏觀經濟表現有重大影響的子類別組合而成。研究小組對所有被投資的國家評分，即將其觀點疊加在由全球指數建立的基準上得出當前分數。每個發行主權債券的國家，這些債券是本基金現有或潛在的投資對象。投資經理的方法不僅基於多個子類別捕捉一個國家當前的ESG評分，更重要的是，捕捉該國ESG根法中任何預期的改善或惡化。投資經理認為，這一雙管齊下的測試最能代表一個國家的投資價值，同時也透過投資於從ESG角度來看預期將改善的國家來促進ESG。

ESG評級方法適用於本基金投資組合中的所有主權債務持有，並對投資組合的構建具有約束力。作為其方法的第一步，投資經理將對每個發行可能成為本基金潛在投資對象的主權債務的國家在ESG各子類別中按0-100分（100分為最高）進行評分，投資經理確定這些子類別會對宏觀經濟狀況產生重大影響。

在ESG子類別中，該方法利用了一組公認的全球指數提供商的基線排名。然後，投資經理的團隊將使用內部專有研究作為對這些基線當前得分的前瞻性覆蓋，以評估投資經理預期各國在每個子類別中將改善還是惡化。

作為研究過程的一部分，突出強調用於預測中期情況變化的預估數字分數。優先考慮ESG評級較高的國家或預計對改善ESG評級持中立態度的國家。使用的ESG子類別、權重和全局指數可能會隨時間而改變。投資經理對所有潛在和當前持有的證券執行ESG評級方法，但該方法的結果可能會在投資組合構建中偏離。對於企業發行人，本基金根據外部提供商（MSCI）採用ESG評級，並根據0-100分（100為最高分）的範圍重述這些評級。ESG評級方法適用於本基金投資組合中的所有企業債務持有，並對投資組合的構建具有約束力。

本基金投資組合中主權和企業發行者的加權平均基礎ESG得分高於本基金各個投資範圍的平均基礎ESG得分。

投資經理監測以下國家和企業發行人：(i)低於最低ESG閾值（分別為ESG評級國家中最低20%和ESG評級企業發行人中最低20%），以及(ii)如為主權債券發行人，則提供有意義的預測惡化分數，以便評估那些在一段時間內沒有表現出改善的國家所發行的主權債券的潛在撤資情況。當由於法律或監管限制或特殊市場情況而無法處置現有部位時，投資團隊應在合理可行或法律允許的範圍內（視情況而定）盡快減持該部位。受到國際經濟制裁（包括聯合國、歐盟或美國境外資產管理局施加的制裁）的國家或企業發行人被排除在本基金的投資範圍之外。

本基金投資範圍內的國家和企業發行人、ESG子類別、環境、社會和治理的權重以及用於評分的全球參考指數，至少每半年進行一次審查，並可能隨著時間的推移而改變。

「本基金也可將金融衍生工具用於對沖、高效投資組合管理和投資目的。上述金融衍生工具既可在受監管市場上交易，也可在場外交易，尤其可能包括交換（例如信用違約交換或與固定收益有關的總收益交換）、遠期合約和交叉遠

~~期合約~~期合約（包括這些基於政府證券的期貨合約），以及貨幣遠期、交叉遠期和貨幣選擇權。ESG方法適用於衍生品的名義價值，這些衍生品用於在利率、貨幣或信用風險方面獲得多頭部位。使用金融衍生工具可能會導致特定收益率曲線/持續時間、貨幣或信用的負風險。本基金還可根據投資限制，投資於與任何亞洲國家的資產或貨幣掛鉤的證券，或從另一證券獲得其價值的證券。本基金還可購買抵押支援證券和資產支援證券以及可轉換債券。本基金可投資於亞洲發行人發行的投資級及非投資級債券，包括違約證券。本基金可購買以任何貨幣計價的固定收益證券和債務憑證，並可持有因優先股或債務憑證的轉換或交換而產生的權益證券。本基金還可參與抵押美元滾動交易。本基金可透過債券通或直接（也稱為CIBM Direct）最多將其40%的淨資產投資於中國大陸。

本基金最多可將其33%的淨資產直接或透過使用金融衍生工具投資於固定利率和浮動利率債務證券，以及亞洲以外受亞洲經濟或金融動態影響的政府及政府相關發行人或企業實體發行的債務憑證。本基金最多可將其25%的淨資產投資於購買時信用評級低於投資級的單一主權發行人（包括其政府、公共機構或地方當局）發行或擔保的債務證券。本基金最多還可將其淨資產的10%投資於UCITS和其他UCI的單位。

本基金也可以從資本、已實現和未實現的資本淨收益以及費用的收入總額進行分配。雖然可能允許分配更多的收入，但也可能產生減少資本的作用。

投資政策

本基金旨在透過主要投資於固定利率和浮動利率債務證券（包括非投資級證券）以及發展中或新興市場國家的政府和政府相關發行人或企業實體發行的債務憑證的投資組合來實現其目標。本基金還可以購買如國際復興開發銀行或歐洲投資銀行等由數個國家政府組織或支援的超國家實體發行的債務憑證。本基金可透過債券通或直接（也稱為CIBM Direct）將其不多於30%的淨資產投資於中國大陸。

對於主權發行人，本基金採用專有的環境、社會和治理（ESG）評級方法來評估每個發行主權債券的國家，這些債券是本基金現有或潛在的投資對象。投資經理的方法不僅基於多個子類別捕捉一個國家當前的ESG評分，更重要的是捕捉該國ESG根法中任何預期的改善或惡化。投資經理認為，這一雙管齊下的測試最能代表一個國家的投資價值，同時也透過投資於從ESG角度來看預期將改善的國家來促進ESG。

ESG評級方法適用於本基金投資組合中的所有主權債務持有，並對投資組合的構建具有約束力。作為其方法的第一步，投資經理將對每個發行可能成為本基金潛在投資對象的主權債務的國家在ESG各子類別中按0-100分（100分為最高）進行評分，投資經理確定這些子類別會對宏觀經濟狀況產生重大影響。

在ESG子類別中，該方法利用了一組公認的全球指數提供商的基線排名。然後，投資經理的團隊將使用內部專有研究作為對這些基線當前得分的前瞻性覆蓋，以評估投資經理預期各國在每個子類別中將改善還是惡化。

~~政府債券發行人，這種評級方法根據確定對宏觀經濟表現有重大影響的子類別組合而成。研究小組對所有被投資的國家評分，即將其觀點疊加在由全球指數建立的基準上得出當前分數。~~

作為研究過程的一部分，突出強調用於預測中期情況變化的預估數字分數。優先考慮ESG評級較高的國家或預計對改善ESG評級持中立態度的國家。

~~使用的ESG子類別、權重和全局指數可能會隨時間而改變。投資經理對所有潛在和當前持有的證券執行ESG評級方法，但該方法的結果可能會在投資組合構建中偏離。~~

對於企業發行人，本基金根據外部提供商（MSCI）採用ESG評級，並根據0-100分（100為最高分）的範圍重述這些評級。ESG評級方法適用於本基金投資組合中的所有企業債務持有，並對投資組合的構建具有約束力。

本基金投資組合中主權和企業發行者的加權平均基礎ESG得分高於本基金各個投資範圍的平均基礎ESG得分。

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本基金投資範圍內的國家和企業發行人、ESG子類別、環境、社會和治理的權重以及用於評分的全球參考指數，至少每半年進行一次審查，並可能隨著時間的推移而改變。

本基金可將金融衍生工具用於對沖、高效投資組合管理和投資目的。上述金融衍生工具既可在受監管市場上交易，也可在場外交易，尤其可能包括交換（例如信用違約交換或與固定收益有關的總收益交換）、~~遠期合約和交叉遠期合約~~期貨合約（包括這些基於政府證券的期貨合約），以及貨幣遠期、交叉遠期和貨幣選擇權。ESG方法適用於衍生品的名義價值，這些衍生品用於在利率、貨幣或信用風險方面獲得多頭部位。使用金融衍生工具可能會導致特定收益率曲線/持續時間、貨幣或信用的負風險。本基金還可根據投資限制，購買抵押支援證券和資產支援證券，並投資於與任何發展中或新興市場國家的資產或貨幣掛鈎的證券，或從另一證券獲得其價值的證券。此外，本基金還可購買優先股、普通股和其他與權益相關的證券、認股權證，以及可交換或可轉換為普通股並以任何貨幣計價的債務證券。本基金最多可使用其淨資產的10%持有違約證券。本基金可購買以任何貨幣計價的固定收益證券、債務憑證和權益證券。本基金最多還可將其淨資產的10%投資於UCITS和其他UCI的單位。

本基金最多可將其33%的淨資產直接或透過使用金融衍生工具投資於固定利率和浮動利率債務證券，以及發展中或新興市場國家以外受發展中或新興市場國家經濟或金融動態影響的政府及政府相關發行人或企業實體發行的債務憑證。本基金最多可將其25%的淨資產投資於購買時信用評級低於投資級的單一主權發行人（包括其政府、公共機構或地方當局）發行或擔保的債務證券。

本基金也可以從資本、已實現和未實現的資本淨收益以及費用的收入總額進行分配。雖然可能允許分配更多的收入，但也可能產生減少資本的作用。



**FRANKLIN
TEMPLETON**

FRANKLIN TEMPLETON INVESTMENT FUNDS
Société d'investissement à capital variable

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Luxembourg, May 23, 2022

Amendment to the investment policies of several sub-funds of Franklin Templeton Investment Funds

Dear Shareholder,

1. SFDR update

We would like to inform you that the board of directors of Franklin Templeton Investment Funds (the “**Company**”) has decided, in light of investors’ demand, to amend the investment policies of the below listed sub-funds (the “**Funds**”) to have the Funds reclassified from Article 6 to Article 8 of the Sustainable Finance Disclosure Regulation (“**SFDR**”) in order to better reflect the ESG methodology applied to the Funds:

- Franklin Biotechnology Discovery Fund
- Franklin Euro High Yield Fund
- Franklin European Corporate Bond Fund
- Franklin Global Aggregate Bond Fund
- Franklin Innovation Fund
- Franklin Technology Fund
- Franklin U.S. Opportunities Fund
- Templeton Asian Bond Fund
- Templeton Emerging Markets Bond Fund

As a consequence of the above, please note that (i) the Investor Profile sub-section of the Funds will be updated accordingly, (ii) a “Sustainability risk” will be added to the risk considerations of the Funds and (iii) the following Taxonomy Regulation sub-section will be added in the Funds’ factsheets:

“Taxonomy Regulation

In line with its ESG methodology, the Fund promotes environmental, social and governance characteristics. Although the Fund does not commit to make investments in taxonomy-aligned environmentally sustainable activities contributing to climate change mitigation and climate change adaptation objectives, it cannot be excluded that the Fund’s underlying investments may incidentally include investments which aim at having a positive impact on the environment through their focus on climate change mitigation and climate change adaptation and which may be but are not necessarily taxonomy-aligned. Investors should note that the “do no significant harm” principle under Taxonomy Regulation applies only to those investments underlying the Fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the Fund which are not in taxonomy-aligned environmentally sustainable activities do not take into account the EU criteria for environmentally sustainable economic activities under the Taxonomy Regulation.”

In addition, the Templeton Emerging Markets Sustainability Fund, in light of investors’ demand, will be reclassified from Article 8 to Article 9 of the SFDR in order to better reflect the ESG methodology applied to the Fund.

Please note that (i) the Investor Profile and Taxonomy Regulation sub-sections of the Fund will be updated accordingly (as further detailed in the appendix of this letter) and (ii) the “Equity risk” will be added to the risk considerations of the Fund.

2. Further updates

The investment policy of the Franklin Euro High Yield Fund and Franklin European Corporate Bond Fund will be further amended to enable the investment manager to invest in convertible securities and up to 5% of the Funds’ net assets in contingent convertible securities.

In addition, the investment policy of the Franklin Biotechnology Discovery Fund, Franklin Technology Fund and Franklin U.S. Opportunities Fund will be further amended to enable the investment manager to invest in securities issued by private companies and Private Investments in Public Equity (PIPEs), and also in special purpose acquisition companies (SPACs). In this respect, new “SPACs risk”, “PIPEs risk”, “Private Companies risk” and “Equity risk” are added to the risk considerations of the aforementioned sub-funds.

Finally, the “Equity risk” is also added to the risk considerations of the Franklin Innovation Fund.

Impact

There will be no material impact on the way the Funds are managed, their portfolio's composition, risk profile or SRRI nor on the fees charged, except for the Franklin Global Aggregate Bond Fund, Franklin European Corporate Bond Fund and Franklin Euro High Yield Fund, for which the portfolio's composition will be impacted by a slight reduction in the investment universe.

With effect from June 24, 2022, the investment objective and policies of the Funds will be updated to reflect the amendments as stated above, as more fully described in the appendix of this letter.

The new investment policies will be reflected in an updated version of the prospectus of the Company, a copy of which will be available online or at the registered office of the Company, upon request.

All other features of the Funds remain the same.

What you need to do

You do not need to do anything if you are satisfied with the change. You also have the option to switch your shares into other funds of the Company provided that such funds are available for distribution in your country. You may also request a redemption of your investment. Should you wish to proceed with either option, please refer to the latest prospectus terms. Such requests of switch or redemption will be executed free of charge, provided that they are received at the latest by June 24, 2022.

Need more information

Your dedicated Client Services Team will be happy to help with any general questions about Franklin Templeton. Just call your local Client Service Team, visit our website at www.franklintempleton.lu or if you need advice about your investment please speak to a financial adviser.

We thank you for choosing to trust Franklin Templeton with your investments.

Best regards,



Craig Blair, Conducting Officer of Franklin Templeton International Services S.à r.l.
Management Company of Franklin Templeton Investment Funds

FRANKLIN BIOTECHNOLOGY DISCOVERY FUND

Investment Policy

The Fund invests principally in equity securities of biotechnology companies and discovery research firms (including small to mid-sized companies) located in the US and other countries, and to a lesser extent in debt securities of any type of issuers worldwide.

For the Fund's investment purposes, a biotechnology company is one that has at least 50% of its earnings derived from biotechnology activities, or at least 50% of its net assets devoted to such activities based on the company's most recent fiscal year. Biotechnology activities are research, development, manufacture, and distribution of various biotechnological or biomedical products, services and processes. This may include companies involved with genomics, genetic engineering, and gene therapy. It also includes companies involved in the application and development of biotechnology in areas such as health care, pharmaceuticals, and agriculture.

Since the Investment Manager considers that Environmental, Social and Governance (ESG) factors can have a material impact on a company's current and future corporate value, ESG considerations are an integral component of its fundamental investment research and decision process. The Investment Manager employs a binding proprietary ESG methodology which is applied to at least 90% of the Fund's portfolio to determine a company's profile on relevant environmental, social, and governance issues. The Investment Manager evaluates the companies which may be potential investment for the Fund ("Fund's Investment Universe") and assigns an overall ESG rating based on quantitative and qualitative indicators such as drug affordability/price, gender diversity and inclusion, employee satisfaction as well as environmental impact/greenhouse gases emissions. The rating assigned to the issuers by the Investment Manager based on the proprietary ESG methodology comprises four grades: AAA (best in class/very good), AA (good), A (fair) and B (needs improvement). The Investment Manager's ESG approach includes regular dialogue with companies, monitoring material ESG issues and voting proxies. Companies rated "B" or those not rated due to the company not meeting the Investment Manager's fundamental criteria are excluded from the Fund's portfolio.

The Fund also applies specific ESG exclusions and will not invest in companies which according to the Investment Manager's analysis:

- Seriously violate the United Nations Global Compact Principles (without positive perspective);
- Generate more than 10% of revenue from the production and/or distribution of weapons;
- Are involved in the production, distribution or wholesale trading of dedicated and/or key components of banned weapons¹ (i.e., antipersonnel mines, biological & chemical weaponry and cluster munitions);
- Manufacture tobacco or tobacco products or those that derive revenue from such products that exceeds 5%;
- Generate more than 10% of their revenue from thermal coal extraction or coal-based power generation.

Furthermore, the Fund will not invest in sovereign issuers which have inadequate scoring according to the Freedom House Index².

As a result of the aforementioned ESG methodology and exclusions, the weighted average base ESG score of the Fund's portfolio is higher than the average base ESG score of the Fund's Investment Universe. ESG scores for each portfolio company will be reviewed and updated at least annually

To the extent that the Fund invests in debt securities, it generally buys securities that are rated investment grade or unrated securities that it determines to be of comparable quality. Investment grade debt securities are rated in the top four ratings categories by independent rating organisations such as Standard & Poor's Corporation or Moody's Investors Service, Inc.

The Fund anticipates that under normal conditions, it will invest more of its net assets in US securities than in those of any other single country although the Fund may have more than 50% of its net assets in non-US securities.

The Fund may also, in accordance with the investment restrictions, invest (i) up to 5% of its net assets in securities issued by private companies and Private Investments in Public Equity (PIPEs) and (ii) up to 5% of its net assets in special purpose acquisition companies (SPACs) provided that the contemplated PIPEs and SPACs qualify as transferable securities under paragraphs (1) or (2) a) of Article 41 of the Law of 17 December 2010.

¹ (a) Weapons according to (i) The Convention of the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction and (ii) The Convention on the Prohibition of Cluster Munitions and (b) weapons classed as either B- or C- weapons pursuant to the United Nations Biological Weapons Convention and the United Nations Chemical Weapons Convention respectively.

² <https://freedomhouse.org/report/freedom-world/freedom-world-2018>

The Investment Manager may take temporary defensive cash position when it believes the securities trading markets or the economies of countries where the Fund invests are experiencing excessive volatility or prolonged general decline or other adverse conditions.

As a consequence of the above, please note that the Fund's Investor Profile sub-section will be updated as follows:

“Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- [invest in a Fund compliant with Article 8 of the SFDR](#)
- [achieve](#) capital appreciation by investing in equity securities
- ~~a growth investment~~ [invest](#) in the biotechnology sector in the US and around the world
- invest for the medium to long term”

FRANKLIN EURO HIGH YIELD FUND

Investment Policy

The Fund seeks to achieve its objectives by investing principally, either directly or through the use of financial derivative instruments, in fixed income debt securities of European or non-European issuers. The Fund will have an allocation to fixed income securities of at least 75%. These financial derivative instruments [\(for which the ESG proprietary scoring methodology, detailed below, does not apply\)](#) may include, inter alia, swaps such as credit default swaps or fixed income related total return swaps, forwards, futures contracts, as well as options on such contracts either dealt on Regulated Markets or over-the-counter. The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. The Fund principally invests in euro-denominated or non-euro denominated euro-hedged, fixed income debt securities with non-investment grade ratings, or if unrated, their equivalent. The Investment Managers attempt to avoid excessive risk by performing independent credit analyses of issuers and by diversifying the Fund's investments among different issuers.

[The Fund employs a proprietary environmental, social and governance \(ESG\) rating methodology to evaluate the securities that may be potential investments for the Fund \(the Fund's "Investment Universe"\), and applies certain restrictions as detailed below. The ESG rating methodology is applied to 100% of issuers present in the Fund's portfolio and is binding for the portfolio construction.](#)

[ESG factors are an important component of the Fund's corporate credit research process, combining bottom-up fundamental credit analysis with a review of any material ESG factors to arrive at a holistic assessment of credit strengths, weaknesses and potential risks. The Investment Managers' analysts may work with issuers presenting specific carbon emissions issues so as to improve the risk-management they apply in these areas.](#)

[Across the entire portfolio³, the Fund shall not invest in issuers that:](#)

- [Repeatedly and seriously violate the United Nations Global Compact principles such as](#)
 - [Protection of international human rights](#)
 - [No complicity in human rights violations](#)
 - [Respect for freedom of association and the right to collective bargaining](#)
 - [Elimination of forced labour](#)
 - [Abolition of child labour](#)
 - [Elimination of discrimination in respect of employment and occupation](#)
 - [Precautionary principle in dealing with environmental problems / approach to environmental challenges](#)
 - [Promoting greater environmental awareness / responsibility](#)
 - [Development and dissemination / diffusion of environmentally friendly technologies](#)
 - [Working / Standing up against corruption in all its forms](#)
- [Manufacture nuclear weapons or controversial weapons defined as anti-personnel mines, biological & chemical weaponry; or those that manufacture components intended for use in such weapons;](#)
- [Manufacture of conventional weapons; those that derive revenue from such products that exceeds the Investment Managers' threshold \(5%\);](#)
- [Manufacture tobacco or tobacco products; or those that derive revenue from such products that exceeds the Investment Managers' thresholds \(5%\);](#)
- [Adhere to the bespoke list of gambling companies, that are set according to the bespoke gambling policy;](#)
- [Derives more than 5% of their revenue from thermal coal extraction;](#)
- [Score an ESG rating of CCC according to MSCI;](#)

³ [A buffer of 5% is allowed for investments in companies that would not fulfil these criteria.](#)

- Are flagged as red for Social Controversy. The flag is derived from the lowest scoring sub-pillar (Customers, Human Rights & Community, and Labor Rights & Supply Chain) within the Social pillar.

As a result of the aforementioned ESG methodology and exclusions, the weighted average base ESG score of the Fund's portfolio is higher than the average base ESG score of the Fund's Investment Universe. ESG scores for each portfolio company will be reviewed and updated at least annually.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may also, temporarily or on an ancillary basis, seek investment opportunities in any other types of euro-denominated securities such as government securities, preferred stock, common stock and other equity linked securities, warrants and securities and bonds convertible into common stock. The Fund may invest up to 10% of its net assets in credit-linked securities, which the Investment Managers may use as a means to invest more rapidly and efficiently in certain segments of the high yield, bank loan and investment grade debt markets. The Fund may also invest up to 10% of its net assets in securities in default. In addition, the Fund may also invest on an ancillary basis in convertible securities and contingent convertible securities (investments in contingent convertible securities will not exceed 5% of the Fund's net assets).

The name of the Fund reflects the base currency of the Fund being in euro, and does not necessarily imply that any particular proportion of the Fund's net invested assets are made in euro.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

FRANKLIN EUROPEAN CORPORATE BOND FUND

Investment Policy

The Fund seeks to achieve its objective by investing principally in investment-grade fixed or floating-rate debt securities of European corporate issuers and euro-denominated debt securities of non-European corporate issuers.

The Fund employs a proprietary environmental, social and governance (ESG) rating methodology with the aim to avoid investment in issuers that are lagging in the transition to support a low-carbon economy. The ESG rating methodology is applied to the whole portfolio and is binding for the portfolio construction.

The Fund uses a combination of external and internal data inputs to determine the 'climate transition performance' for each issuer (i.e. the extent to which an issuer is responding to the threat of climate change, for example by engaging in a combination of decarbonisation of products and services, establishing low or no emissions infrastructure, and reducing or eliminating reliance on fossil fuels, including revenue generated from fossil fuels). This may include, but is not limited to, direct emissions trajectory relative to peers, low carbon transition status, management of climate related risks, overall environmental score, energy resource management, management of environmental externalities and energy security risk.

The Fund is prohibited from investing in those issuers that are seen to be the poorest performers in terms of this metric. This is a binding constraint, implemented using compliance restrictions on the issuers that are seen as laggards. As a result, the Fund excludes from its portfolio issuers that score in the bottom 20% of its investable universe.

ESG factors are an important component of the Fund's corporate credit research process, combining bottom-up fundamental credit analysis with a review of any material ESG factors to arrive at a holistic assessment of credit strengths, weaknesses and potential risks. The Investment Managers' analysts may work with issuers presenting specific carbon emissions, water and wastewater issues to improve the risk-management they apply in these areas.

Across the entire portfolio⁴, the Fund shall not invest in issuers that:

- Repeatedly and seriously violate the United Nations Global Compact principles such as
 - Protection of international human rights
 - No complicity in human rights violations
 - Respect for freedom of association and the right to collective bargaining
 - Elimination of forced labour
 - Abolition of child labour
 - Elimination of discrimination in respect of employment and occupation
 - Precautionary principle in dealing with environmental problems / approach to environmental challenges
 - Promoting greater environmental awareness / responsibility

⁴ A buffer of 5% is allowed for investments in companies that would not fulfil these criteria.

- [Development and dissemination / diffusion of environmentally friendly technologies](#)
- [Working / Standing up against corruption in all its forms](#)
- [Manufacture military equipment and/or controversial weapons - those that are defined as being indiscriminate; or those that manufacture components intended for use in such weapons;](#)
- [Manufacture of conventional weapons; those that derive revenue from such products that exceeds the Investment Managers' threshold \(5%\);](#)
- [Manufacture tobacco or tobacco products; or those that derive revenue from such products that exceeds the Investment Managers' thresholds \(5%\);](#)
- [Derive more than 5% of their revenue from gambling or adult entertainment;](#)
- [Derive unacceptable levels of revenue from the most polluting fossil fuels;](#)
- [Derives more than 5% of their revenue from thermal coal extraction;](#)
- [Are not using enough lower-carbon energy sources;](#)
- [Exceed our tolerance levels of fossil fuels used to generate electricity;](#)
- [Score an ESG rating of CCC according to MSCI.](#)

[ESG scores for each portfolio company will be reviewed and updated at least annually.](#)

The Fund may also utilise certain financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments ([for which the ESG proprietary scoring methodology, detailed above, does not apply](#)) may be either dealt on Regulated Markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps, total return swaps on fixed income including loans indices), forward and cross forwards, futures contracts, as well as options. Use of these financial derivative instruments may result in negative exposures in a specific yield curve/duration or currency. The Fund may in addition, in accordance with the investment restrictions, invest in credit-linked securities or other structured products (such as mortgage- or other asset-backed securities and collateralised debt obligations as well as collateralised loan obligations) that derive their value from another European-related index, security or currency. The Fund principally invests in fixed income debt securities either denominated in euro or, if denominated in another currency, hedged into euro.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may also, for defensive purposes or on an ancillary basis, seek investment opportunities in other types of securities including but not limited to government debt securities, supranational entities organised or supported by several national governments, non-investment grade debt securities, bonds convertible into common stock, preferred stock and warrants. [In addition, the Fund may also invest on an ancillary basis in convertible securities and contingent convertible securities \(investments in contingent convertible securities will not exceed 5% of the Fund's net assets\).](#)

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

FRANKLIN GLOBAL AGGREGATE BOND FUND

Investment Policy

The Fund seeks to achieve its objective by investing principally in fixed or floating-rate debt securities issued by governments, government-related entities (including supranational organisations supported by several national governments) and corporations worldwide. The Fund invests mainly in investment-grade securities, but may invest up to 30% in non-investment grade securities and may also invest in Emerging Market debt securities.

[The Fund employs a proprietary environmental, social and governance \(ESG\) rating methodology with the aim to avoid investment in issuers that are lagging in the transition to support a low-carbon economy. The ESG rating methodology is applied to the whole portfolio and is binding for the portfolio construction.](#)

[The Fund uses a combination of external and internal data inputs to determine the 'climate transition performance' for each government, government-related and corporate issuer \(i.e. the extent to which an issuer is responding to the threat of climate change, for example by engaging in a combination of decarbonisation of products and services, establishing low or no emissions infrastructure, and reducing or eliminating reliance on fossil fuels, including revenue generated from fossil fuels\). This may include, but is not limited to, direct emissions trajectory relative to peers, low carbon transition status, management of climate related risks, overall environmental score, energy resource management, management of environmental externalities and energy security risk.](#)

[The Fund is prohibited from investing in those issuers that are seen to be the poorest performers in terms of this metric. This is a binding constraint, implemented using compliance restrictions on the issuers that are seen as laggards. As a result, the Fund excludes from its portfolio issuers that score in the bottom 20% of its investable universe.](#)

In addition, the Fund is not permitted to invest in sovereign bonds issued by countries that have insufficient scoring according to the Freedom House Index.

ESG factors are an important component of the Fund's research process, combining bottom-up fundamental credit analysis with a review of any material ESG factors to arrive at a holistic assessment of credit strengths, weaknesses and potential risks. The Investment Managers' analysts may work with issuers presenting specific carbon emissions, water and wastewater issues to improve the risk-management they apply in these areas.

Across the entire portfolio⁵, the Fund shall not invest in issuers that:

- Repeatedly and seriously violate the United Nations Global Compact principles such as
 - Protection of international human rights
 - No complicity in human rights violations
 - Respect for freedom of association and the right to collective bargaining
 - Elimination of forced labour
 - Abolition of child labour
 - Elimination of discrimination in respect of employment and occupation
 - Precautionary principle in dealing with environmental problems / approach to environmental challenges
 - Promoting greater environmental awareness / responsibility
 - Development and dissemination / diffusion of environmentally friendly technologies
 - Working / Standing up against corruption in all its forms
- Insufficient scoring according to the Freedom House Index for sovereign issuers (<https://freedomhouse.org/report/freedom-world/freedom-world-2018>):
- Manufacture military equipment and/or controversial weapons - those that are defined as being indiscriminate; or those that manufacture components intended for use in such weapons;
- Manufacture of conventional weapons; those that derive revenue from such products that exceeds the Investment Managers' threshold (5%);
- Manufacture tobacco or tobacco products; or those that derive revenue from such products that exceeds the Investment Managers' thresholds (5%);
- Derives more than 5% of their revenue from thermal coal extraction;
- Derive more than 5% of their revenue from gambling or adult entertainment;
- Derive unacceptable levels of revenue from the most polluting fossil fuels;
- Fall short of the Investment Managers' threshold level for using lower-carbon fossil fuels;
- Exceed our tolerance levels of fossil fuels used to generate electricity;
- Score an ESG rating of CCC according to MSCI.

ESG scores for each portfolio issuers will be reviewed and updated at least annually.

The Fund may, in addition, in accordance with the investment restrictions, invest in credit-linked securities or other structured products (such as mortgage- and asset-backed securities, including collateralised debt obligations as well as collateralised loan obligations) that derive their value from an index, security or currency. The Fund may also participate in mortgage dollar roll transactions. The Fund may invest up to 10% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct).

The Fund may also utilise certain financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments (for which the ESG proprietary scoring methodology, detailed above, does not apply) may be either dealt on Regulated Markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps and total return swaps on fixed income including loan indices), forwards and cross forwards, futures contracts, as well as options. Use of financial derivative instruments will not exceed 75% of the Fund's net assets.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may also seek investment opportunities in other types of securities including, but not limited to, UCIs, bonds convertible into common stock, preferred stock and warrants.

⁵ A buffer of 5% is allowed for investments in companies that would not fulfil these criteria.

FRANKLIN INNOVATION FUND

Investment Policy

The Fund invests principally in equity securities of companies that are leaders in innovation, take advantage of new technologies, have superior management and benefit from new industry conditions in the dynamically changing global economy. Equity securities generally entitle the holder to participate in a company's general operating results. They include common stocks, convertible securities and warrants on securities. Investments in convertible securities will not exceed 10% of the Fund's total net assets. The Fund can invest in companies located anywhere in the world, but may have a substantial part of its portfolio invested in companies located or traded in the US, as well as in foreign securities that are traded in the US and American Depositary Receipts.

The Fund invests in companies in any economic sector and of any market capitalisation. In selecting equity investments, the Investment Manager utilises fundamental, bottom-up research to seek companies meeting its criteria of sustainable growth driven by innovation. Since the Investment Manager considers that Environmental, Social and Governance (ESG) factors can have a material impact on a company's current and future corporate value, ESG considerations are an integral component of its fundamental bottom up research. The Investment Manager employs a binding proprietary ESG methodology which is applied to at least 90% of the Fund's portfolio to determine a company's profile on relevant environmental, social, and governance issues. The Investment Manager evaluates the companies which may be potential investment for the Fund ("Fund's Investment Universe") and assigns an overall ESG rating based on quantitative and qualitative factors such as data security, gender diversity and inclusion as well as climate risk/greenhouse gases emissions/carbon footprint. The rating assigned to the issuers by the Investment Manager based on the proprietary ESG methodology comprises four grades: AAA (best in class/very good), AA (good), A (fair) and B (needs improvement). The Investment Manager's ESG approach includes regular dialogue with companies, monitoring material ESG issues and voting proxies. Companies rated "B" or those not rated due to the company not meeting the Investment Manager's fundamental criteria are excluded from the Fund's portfolio.

The Fund also applies specific ESG exclusions and will not invest in companies which according to the Investment Manager's analysis:

- Seriously violate the United Nations Global Compact Principles (without positive perspective);
- Generate more than 10% of revenue from the production and/or distribution of weapons;
- Are involved in the production, distribution or wholesale trading of dedicated and/or key components of banned weapons⁶ (i.e., antipersonnel mines, biological & chemical weaponry and cluster munitions);
- Manufacture tobacco or tobacco products or those that derive revenue from such products that exceeds 5%;
- Generate more than 10% of their revenue from thermal coal extraction or coal-based power generation.

Furthermore, the Fund will not invest in sovereign issuers which have inadequate scoring according to the Freedom House Index⁷.

As a result of the aforementioned ESG methodology and exclusions, the weighted average base ESG score of the Fund's portfolio is higher than the average base ESG score of the Fund's Investment Universe. ESG scores for each portfolio company will be reviewed and updated at least annually.

Although the Investment Manager searches for investments across a large number of sectors, the Fund may have significant positions in particular sectors such as, for example, information technology (including software and internet), communications services and health care (including biotechnology). Due to market appreciation, the Fund's investment in a given sector or industry may represent a significant portion of the Fund's portfolio.

When the Investment Manager believes market or economic conditions are unfavorable for investors, the Investment Manager may in a temporary defensive manner invest up to 100% of the Fund's assets in cash, cash equivalents or other high quality short-term investments. Temporary defensive investments generally may include short-term US government securities, high-grade commercial paper, bank obligations, Money Market Fund shares (including shares of an affiliated Money Market Fund) and other Money Market Instruments. The Fund may also invest up to 5% of its net assets in units of UCI such as UCITS, Exchange Traded Funds ("ETF") as well as other UCIs.

⁶ (a) Weapons according to (i) The Convention of the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction and (ii) The Convention on the Prohibition of Cluster Munitions and (b) weapons classed as either B- or C- weapons pursuant to the United Nations Biological Weapons Convention and the United Nations Chemical Weapons Convention respectively.

⁷ <https://freedomhouse.org/report/freedom-world/freedom-world-2018>

FRANKLIN TECHNOLOGY FUND

Investment Policy

The Fund invests at least two thirds of its net invested assets in equity securities of US and non-US companies expected to benefit from the development, advancement, and use of technology and communication services and equipment. These may include, for example, companies in the following industries:

- communication and computing related outsourcing services;
- technology services, including computer software, data services, and Internet services;
- electronic technology, including computers, computer products, and electronic components;
- telecommunications, including networking, wireless, and wire-line services and equipment;
- media and information services, including the distribution of information and content providers;
- semiconductors and semiconductor equipment; and
- precision instruments.

The Fund uses a growth approach that employs intensive, bottom-up, fundamental research of companies. The Investment Manager also takes into consideration broad-based trends when considering the selection of investments. In general, the Investment Manager looks for companies it believes display, or will display, some of the following characteristics, among others: quality management; robust growth prospects; strong market positioning; high, or rising profit margins; and good return on capital investment. Since the Investment Manager considers that Environmental, Social and Governance (ESG) factors are particularly relevant to investing in the technology sector and can contribute to the creation of shareholder value, ESG considerations are an integral component of its fundamental investment research. In this respect, the Investment Manager employs a binding proprietary ESG methodology which is applied to at least 90% of the Fund's portfolio to determine a company's profile on relevant environmental, social, and governance issues. The Investment Manager evaluates the companies which may be potential investment for the Fund ("Fund's Investment Universe") and assigns an overall ESG rating based on quantitative and qualitative factors such as cybersecurity and data privacy, the usage of controversial materials, support of human capital, diversity and inclusion as well as environmental impact (carbon emissions, ewaste, water usage). The rating assigned to the issuers by the Investment Manager based on the proprietary ESG methodology comprises four grades: AAA (best in class/very good), AA (good), A (fair) and B (needs improvement). The Investment Manager's ESG approach includes regular dialogue with companies, monitoring material ESG issues and voting proxies. Companies rated "B" or those not rated due to the company not meeting the Investment Manager's fundamental criteria are excluded from the Fund's portfolio.

The Fund also applies specific ESG exclusions and will not invest in companies which according to the Investment Manager's analysis:

- Seriously violate the United Nations Global Compact Principles (without positive perspective);
- Generate more than 10% of revenue from the production and/or distribution of weapons;
- Are involved in the production, distribution or wholesale trading of dedicated and/or key components of banned weapons⁸ (i.e., antipersonnel mines, biological & chemical weaponry and cluster munitions);
- Manufacture tobacco or tobacco products or those that derive revenue from such products that exceeds 5%;
- Generate more than 10% of their revenue from thermal coal extraction or coal-based power generation.

Furthermore, the Fund will not invest in sovereign issuers which have inadequate scoring according to the Freedom House Index⁹.

As a result of the aforementioned ESG methodology and exclusions, the weighted average base ESG score of the Fund's portfolio is higher than the average base ESG score of the Fund's Investment Universe. ESG scores for each portfolio company will be reviewed and updated at least annually.

The Fund invests in securities of US and non-US large, well-established companies, as well as small to medium-sized companies, that the Investment Manager believes provide good emerging growth opportunities.

The Fund may also, in accordance with the investment restrictions, invest (i) up to 10% of its net assets in securities issued by private companies and Private Investments in Public Equity (PIPEs) and (ii) up to 5% of its net assets in special purpose acquisition companies (SPACs) provided that the contemplated PIPEs and SPACs qualify as transferable securities under paragraphs (1) or (2) a) of Article 41 of the Law of 17 December 2010.

⁸ a) Weapons according to (i) The Convention of the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction and (ii) The Convention on the Prohibition of Cluster Munitions and (b) weapons classed as either B- or C- weapons pursuant to the United Nations Biological Weapons Convention and the United Nations Chemical Weapons Convention respectively.

⁹ <https://freedomhouse.org/report/freedom-world/freedom-world-2018>

The Fund may also invest in equity or debt securities of any type of foreign or US issuer as well as in American, European or Global Depositary Receipts.

FRANKLIN U.S. OPPORTUNITIES FUND

Investment Policy

The Fund invests principally in equity securities of US companies demonstrating accelerating growth, increasing profitability, or above-average growth or growth potential as compared with the overall economy. Equity securities generally entitle the holder to participate in a company's general operating results. They include common stocks, convertible securities and warrants on securities.

The Fund principally invests in small, medium, and large-capitalisation companies with strong growth potential across a wide range of sectors. In selecting equity investments, the Investment Manager utilises fundamental, bottom-up research focusing on companies believed to possess sustainable growth characteristics and which meet growth, quality and valuation criteria. The Investment Manager focuses on sectors that have exceptional growth potential and fast-growing, innovative companies within these sectors.

In addition to solid management and sound financial records are factors the Investment Manager also considers Environmental, Social and Governance (ESG) factors as an integral component of its fundamental investment research and decision process. In this respect, the Investment Manager employs a binding proprietary ESG methodology which is applied to at least 90% of the Fund's portfolio to determine a company's profile on relevant environmental, social, and governance issues. The Investment Manager evaluates the companies which may be potential investment for the Fund ("Fund's Investment Universe") and assigns an overall ESG rating based on quantitative and qualitative indicators such as health and safety, data security, diversity and inclusion as well as environmental impact (measured by greenhouse gas emissions and carbon footprint). The rating assigned to the issuers by the Investment Manager based on the proprietary ESG methodology comprises four grades: AAA (best in class/very good), AA (good), A (fair) and B (needs improvement). The Investment Manager's ESG approach includes regular dialogue with companies, monitoring material ESG issues and voting proxies. Companies rated "B" or those not rated due to the company not meeting the Investment Manager's fundamental criteria are excluded from the Fund's portfolio.

The Fund also applies specific ESG exclusions and will not invest in companies which according to the Investment Manager's analysis:

- Seriously violate the United Nations Global Compact Principles (without positive perspective);
- Generate more than 10% of revenue from the production and/or distribution of weapons;
- Are involved in the production, distribution or wholesale trading of dedicated and/or key components of banned weapons¹⁰ (i.e., antipersonnel mines, biological & chemical weaponry and cluster munitions);
- Manufacture tobacco or tobacco products or those that derive revenue from such products that exceeds 5%;
- Generate more than 10% of their revenue from thermal coal extraction or coal-based power generation.

Furthermore, the Fund will not invest in sovereign issuers which have inadequate scoring according to the Freedom House Index¹¹.

As a result of the aforementioned ESG methodology and exclusions, the weighted average base ESG score of the Fund's portfolio is higher than the average base ESG score of the Fund's investment universe. ESG scores for each portfolio company will be reviewed and updated at least annually.

Although the Investment Manager searches for investments across a large number of sectors, the Fund, from time to time, may have significant positions in particular sectors such as technology (including electronic technology, technology services, biotechnology and health care technology). The Fund may also, in accordance with the investment restrictions, invest (i) up to 5% of its net assets in securities issued by private companies and Private Investments in Public Equity (PIPEs) and (ii) up to 5% of its net assets in special purpose acquisition companies (SPACs) provided that the contemplated PIPEs and SPACs qualify as transferable securities under paragraphs (1) or (2) a) of Article 41 of the Law of 17 December 2010.

¹⁰ (a) Weapons according to (i) The Convention of the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction and (ii) The Convention on the Prohibition of Cluster Munitions and (b) weapons classed as either B- or C- weapons pursuant to the United Nations Biological Weapons Convention and the United Nations Chemical Weapons Convention respectively.

¹¹ <https://freedomhouse.org/report/freedom-world/freedom-world-2018>

TEMPLETON ASIAN BOND FUND

Investment Policy

The Fund seeks to achieve its objective by investing principally in a portfolio of fixed and floating-rate debt securities and debt obligations issued by government and government-related issuers, and corporate entities located throughout Asia. The Fund may also purchase debt obligations issued by supranational entities organised or supported by several national governments, such as the International Bank for Reconstruction and Development or the European Investment Bank.

For sovereign issuers, 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.~~ each country that issues sovereign bonds that are existing or potential investments for the Fund. The Investment Manager's methodology captures not only a country's current ESG score based on a variety of sub-categories but more importantly, any expected improvement or deterioration in the country's ESG practices. The Investment Manager believes that this two-pronged test best represents the investment worthiness of a country and also promotes ESG by investing in countries that are expected to improve from an ESG perspective.

The ESG methodology is applied to 100% of the sovereign debt holdings in the Fund's portfolio and is binding for the portfolio construction. As an initial step in its methodology, the Investment Manager scores each country that issues sovereign debt that may be potential investments for the Fund on a scale of 0–100 (100 being the highest) in various ESG subcategories that the Investment Manager has determined to have significant impact on macroeconomic conditions.

Within the ESG subcategories, the methodology leverages baseline rankings from a set of recognized global indexes providers. The Investment Manager's team will then use internal proprietary research as a forward-looking overlay on those baseline current scores, to assess whether the Investment Manager expects countries to improve or deteriorate in each of the subcategories.

Projected ~~numbers~~scores 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.~~ For corporate issuers, the Fund utilises ESG ratings according to external providers (MSCI) and restates those ratings to correspond to a scale of 0–100 (100 being the highest). The ESG methodology is applied to 100% of the corporate debt holdings in the Fund's portfolio and is binding for the portfolio construction.

The weighted average base ESG score of the sovereign and corporate issuers in the Fund's portfolio is higher than the average base ESG score of the Fund's respective investment universe.

The Investment Manager monitors countries and corporate issuers that (i) are below the minimum ESG threshold (the lowest 20% of ESG rated countries and the lowest 20% of ESG rated corporate issuers, respectively) and (ii) in the case of sovereign issuers, present meaningful projected deteriorating scores, with a view to evaluate the potential divestment of sovereign bonds issued by countries that demonstrate no improvement over time. When the disposition of an existing position is not feasible due to legal or regulatory restrictions or exceptional market circumstances the investment team shall aim to reduce the position as soon as reasonably practicable or legally permissible, as the case may be. Countries or corporate issuers that are subject to international economic sanctions, including sanctions imposed by the United Nations, the European Union or the United States Office of Foreign Assets Control are excluded from the Fund's investment universe.

The countries and corporate issuers in the Fund's investment universe, the ESG subcategories, weightings for environment, social and governance, and the global reference indices used for scoring are reviewed at least bi-annually and may change over time.

The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments may be either dealt on Regulated Markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps or fixed income related total return swaps), ~~forwards and cross forwards~~, futures contracts (including those on government securities), as well as currency forwards, cross forwards and currency options. The ESG methodology is applied to the notional value of derivatives used to gain long positions in interest rates, currencies or credit exposures. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit. The Fund may also, in accordance with the investment restrictions, invest in securities linked to assets or currencies of any Asian country or deriving its value from another security. The Fund may also purchase mortgage- and asset-backed securities and convertible bonds. The Fund may invest in investment-grade and non-investment grade debt securities issued by Asian issuers including securities in default. The Fund may purchase fixed income securities and debt obligations denominated in any currency and it may hold equity securities to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation. The Fund may also participate in

mortgage dollar roll transactions. The Fund may invest up to 40% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct).

The Fund may invest up to 33% of its net assets, either directly or through the use of financial derivative instruments, in fixed and floating-rate debt securities and debt obligations issued by government and government-related issuers or corporate entities located outside of Asia which are impacted by economic or financial dynamics in Asia. The Fund may invest up to 25% of its net assets in debt securities issued or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

TEMPLETON EMERGING MARKETS BOND FUND

Investment Policy

The Fund seeks to achieve its objective by investing principally in a portfolio of fixed and floating-rate debt securities (including non-investment grade securities) and debt obligations issued by government and government-related issuers or corporate entities located in developing or Emerging Market countries. The Fund may also purchase debt obligations issued by supranational entities organised or supported by several national governments, such as the International Bank for Reconstruction and Development or the European Investment Bank. The Fund can invest less than 30% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct).

For sovereign issuers, the Fund employs a proprietary Environmental, Social and Governance (ESG) rating methodology to assess **each country that issues sovereign bonds that are existing or potential investments for the Fund. The Investment Manager's methodology captures not only a country's current ESG score based on a variety of sub-categories but more importantly, any expected improvement or deterioration in the country's ESG practices. The Investment Manager believes that this two-pronged test best represents the investment worthiness of a country and also promotes ESG by investing in countries that are expected to improve from an ESG perspective.**

The ESG methodology is applied to 100% of the sovereign debt holdings in the Fund's portfolio and is binding for the portfolio construction. As an initial step in its methodology, the Investment Manager scores **each country that issues sovereign debt that may be potential investments for the Fund on a scale of 0–100 (100 being the highest) in various ESG subcategories that the Investment Manager has determined to have significant impact on macroeconomic conditions.**

Within the ESG subcategories, the methodology leverages baseline rankings from a set of recognized global indexes providers. The Investment Manager's team will then use internal proprietary research as a forward-looking overlay on those baseline current scores, to assess whether the Investment Manager expects countries to improve or deteriorate in each of the subcategories.

~~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~~**scores** 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.~~

For corporate issuers, the Fund utilises ESG ratings according to external providers (MSCI) and restates **those ratings to correspond to a scale of 0–100 (100 being the highest). The ESG methodology is applied to 100% of the corporate debt holdings in the Fund's portfolio and is binding for the portfolio construction.**

The weighted average base ESG score of the sovereign and corporate issuers in the Fund's portfolio is **higher than the average base ESG score of the Fund's respective investment universe.**

The Investment Manager monitors countries and corporate issuers that (i) are below the minimum ESG threshold (the lowest 20% of ESG rated countries and the lowest 20% of ESG rated corporate issuers, respectively) and (ii) in the case of sovereign issuers, present meaningful projected deteriorating scores, with a view to evaluate the potential divestment of sovereign bonds issued by countries that demonstrate no improvement over time. When the disposition of an existing position is not feasible due to legal or regulatory restrictions or exceptional market circumstances the investment team shall aim to reduce the position as soon as reasonably practicable or legally permissible, as the case may be. Countries or corporate issuers that are subject to international economic sanctions, including sanctions imposed by the United Nations, the European Union or the United States Office of Foreign Assets Control are excluded from the Fund's investment universe.

The countries and corporate issuers in the Fund's investment universe, the ESG subcategories, weightings for environment, social and governance, and the global reference indices used for scoring are reviewed at least bi-annually and may change over time.

The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments may be either dealt on Regulated Markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps or fixed income related total return swaps), ~~forwards and cross forwards~~, futures contracts (including those on government securities), as well as currency forwards, cross forwards and currency options. The ESG methodology is applied to the notional value of derivatives used to gain long positions in interest rates, currencies or credit exposures. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit. The Fund may also, in accordance with the investment restrictions, purchase mortgage- and asset-backed securities and invest in securities linked to assets or currencies of any developing or Emerging Market country or deriving its value from another security. In addition, the Fund may purchase preferred stock, common stock and other equity-linked securities, warrants, and debt securities exchangeable or convertible into common stock and denominated in any currency. The Fund may hold up to 10% of its net assets in securities in default. The Fund may purchase fixed income securities, debt obligations and equity securities denominated in any currency. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.

The Fund may invest up to 33% of its net assets, either directly or through the use of financial derivative instruments, in fixed and floating-rate debt securities and debt obligations issued by government and government-related issuers or corporate entities located outside of developing or Emerging Market countries which are impacted by economic or financial dynamics in developing or Emerging Market countries. The Fund may invest up to 25% of its net assets in debt securities issued or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase.

The Fund may also make distribution from capital, net realised and net unrealised capital gains as well as income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

TEMPLETON EMERGING MARKETS SUSTAINABILITY FUND

Investment Objectives

The Fund's has an investment objective ~~is both~~ of capital appreciation and reorientation of capital towards sustainability through investing in companies that demonstrate their positive sustainable contribution ~~positive outcomes by investing in companies whose products and/or services contribute to one or more positive social and/or environmental outcome areas across Basic Needs, Wellbeing, Decent Work, Healthy Ecosystems, Climate Stability, and Resource Security, linked to United Nations Sustainable Development Goals (UN SDGs).~~

In addition, the eighth paragraph of its investment policy is amended as follows:

The Fund may invest up to 20% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, through qualified foreign ~~institutional~~ investor (QFI) portfolios, UCIs and/or any permissible means available to the Fund under prevailing laws and regulations) and in China B-Shares.

As a consequence of the above, please note that the Fund's Investor Profile sub-section will be updated as follows:

"Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:

- invest in a Fund compliant with Article 89 of the SFDR
- for capital appreciation and ~~positive outcomes by~~ reorientation of capital towards sustainability through investing in companies ~~of Emerging Markets whose products and/or services contribute to one or more positive social and/or environmental outcome areas~~ that demonstrate their positive sustainable contribution
- to invest for the medium to long term

Finally, the Fund's Taxonomy Regulation sub-section will be updated as follows:

"Taxonomy Regulation

In line with its ESG investment methodology and sustainable investment objective, the Fund ~~promotes environmental, social and governance characteristics and~~ intends to ~~make some~~ invest in one or more investments ~~in taxonomy-aligned sustainable activities including environmentally sustainable activities such as those contributing~~ that contribute to climate change mitigation and climate change adaptation. ~~objectives. The~~ As described in the Fund's investment policy, the Fund's equity investments are assessed and measured regarding their ability to contribute to the aforementioned objectives. The process and assessment is conducted at the Investment Manager's level and is based on analysis against EU technical screening criteria for sustainable economic activities, ensuring that eligible activities meet the criteria, as well as do no significant harm to remaining taxonomy objectives, whilst ensuring compliance with minimum social safeguards. As the Fund is focused on

investing in emerging markets, in addition to relying on mainstream ESG data providers, the investment team will also engage as need be with investee companies to obtain relevant ESG-related information directly as part of the commitment of best efforts to source data to fulfil the technical screening criteria process.

As of the date of this Prospectus, it is however not yet possible to commit to the Fund's minimum alignment with the Taxonomy Regulation, as the Investment Manager is not in a position to specify the exact proportion ~~/percentage~~ of the Fund's underlying investments which take into account the EU criteria for environmentally sustainable economic activities, including enabling or transitional activities, within the meaning of the Taxonomy Regulation. It is however expected that at least a low proportion of the investments will be in taxonomy- aligned environmentally sustainable activities (including investments in enabling and transitional activities).

The Investment Manager is keeping this situation under active review and where further adequate, sufficient reliable, timely and verifiable data on Fund's investments and relevant technical criteria become available, a re-assessment will be made and this Prospectus will be updated accordingly to accurately disclose to what extent the Fund's investments are in taxonomy-aligned environmentally sustainable activities, including the proportions of investments in enabling and transitional activities selected for the Fund.

~~Investors should note that the "do no significant harm" principle under Taxonomy Regulation applies only to those investments underlying the Fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the Fund do not take into account the EU criteria for environmentally sustainable economic activities under the Taxonomy Regulation.~~

Also in line with its ESG methodology, the Fund may hold sustainable investments that are expected to contribute to other environmental objectives such as sustainable use and protection of water and marine resources and transition to a circular economy. In the future, technical screening criteria are expected to be set out under the Taxonomy Regulation to determine the conditions under which an economic activity qualifies as contributing substantially to these objectives. No such criteria are available at present, therefore, whilst these investments qualify as "sustainable investments" under the SFDR, they cannot currently qualify as environmentally sustainable investments as defined under the current terms of the Taxonomy Regulation."