FRANKLIN TEMPLETON INVESTMENT FUNDS

PROSPECTUS

SOCIÉTÉ D'INVESTISSEMENT

À CAPITAL VARIABLE

INCORPORATED IN LUXEMBOURG

JULY 2015

VISA 2015/100046-866-0-PC
L'apposition du visa ne peut en aucun cas servir
d'argument de publicité
Luxembourg, le 2015-07-30
Commission de Surveillance du Secteur Financier

FRANKLIN TEMPLETON INVESTMENT FUNDS
Société d'investissement à capital variable
Registered office: 8A, rue Albert Borschette, L-1246 Luxembourg
Grand Duchy of Luxembourg
R.C.S. Luxembourg B 35 177

OFFER

of separate classes of shares of no par value of Franklin Templeton Investment Funds (the "Company"), each linked to one of the following sub-funds (the "Funds") of the Company, at the published offer price for the Shares of the relevant Fund:

1. Franklin Asia Credit Fund
2. Franklin Biotechnology Discovery Fund
3. Franklin Brazil Opportunities Fund
4. Franklin Diversified Balanced Fund *(previously named Franklin Strategic Balanced Fund)*
5. Franklin Diversified Conservative Fund *(previously named Franklin Strategic Conservative Fund)*
6. Franklin Diversified Dynamic Fund *(previously named Franklin Strategic Dynamic Fund)*
7. Franklin Euro Government Bond Fund
8. Franklin Euro High Yield Fund
9. Franklin Euro Liquid Reserve Fund *(previously named Templeton Euro Liquid Reserve Fund)*
10. Franklin Euro Short Duration Bond Fund
11. Franklin Euro Short-Term Money Market Fund *(previously named Templeton Euro Short-Term Money Market Fund)*
12. Franklin Euroland Fund *(previously named Franklin Euroland Core Fund)*
13. Franklin European Corporate Bond Fund
14. Franklin European Dividend Fund
15. Franklin European Fund *(previously named Franklin European Core Fund)*
16. Franklin European Growth Fund
17. Franklin European Income Fund
18. Franklin European Small-Mid Cap Growth Fund
19. Franklin European Total Return Fund *(previously named Templeton European Total Return Fund)*
20. Franklin GCC Bond Fund
21. Franklin Global Aggregate Bond Fund
22. Franklin Global Aggregate Investment Grade Bond Fund
23. Franklin Global Allocation Fund
24. Franklin Global Convertible Securities Fund
25. Franklin Global Corporate High Yield Fund
26. Franklin Global Equity Strategies Fund
27. Franklin Global Fundamental Strategies Fund
28. Franklin Global Government Bond Fund
29. Franklin Global Growth and Value Fund
30. Franklin Global Growth Fund
31. Franklin Global High Income Bond Fund
32. Franklin Global Listed Infrastructure Fund
33. Franklin Global Multi-Asset Income Fund
34. Franklin Global Real Estate Fund
35. Franklin Global Small-Mid Cap Growth Fund
36. Franklin Gold and Precious Metals Fund
37. Franklin High Yield Fund
38. Franklin Income Fund
39. Franklin India Fund
40. Franklin Japan Fund
41. Franklin K2 Alternative Strategies Fund
42. Franklin MENA Fund
43. Franklin Mutual Beacon Fund
44. Franklin Mutual European Fund
45. Franklin Mutual Global Discovery Fund
46. Franklin Natural Resources Fund
47. Franklin Real Return Fund
48. Franklin Strategic Income Fund
49. Franklin Technology Fund
50. Franklin U.S. Dollar Liquid Reserve Fund
51. Franklin U.S. Equity Fund
52. Franklin U.S. Focus Fund
53. Franklin U.S. Government Fund
54. Franklin U.S. Low Duration Fund
55. Franklin U.S. Opportunities Fund
56. Franklin U.S. Small-Mid Cap Growth Fund
57. Franklin U.S. Total Return Fund
58. Franklin World Perspectives Fund
59. Templeton Africa Fund
60. Templeton ASEAN Fund
61. Templeton Asian Bond Fund
62. Templeton Asian Dividend Fund
63. Templeton Asian Growth Fund
64. Templeton Asian Smaller Companies Fund
65. Templeton BRIC Fund
66. Templeton China Fund
67. Templeton Eastern Europe Fund
68. Templeton Emerging Markets Balanced Fund
69. Templeton Emerging Markets Bond Fund
70. Templeton Emerging Markets Fund
71. Templeton Emerging Markets Smaller Companies Fund
72. Templeton Euroland Fund
73. Templeton European Fund
74. Templeton Frontier Markets Fund
75. Templeton Global (Euro) Fund
76. Templeton Global Balanced Fund
77. Templeton Global Bond (Euro) Fund
78. Templeton Global Bond Fund
79. Templeton Global Equity Income Fund
80. Templeton Global Fund
81. Templeton Global High Yield Fund
82. Templeton Global Income Fund
83. Templeton Global Smaller Companies Fund
84. Templeton Global Total Return Fund
85. Templeton Growth (Euro) Fund
86. Templeton Korea Fund
87. Templeton Latin America Fund
88. Templeton Thailand Fund

FRANKLIN TEMPLETON INVESTMENT FUNDS – IMPORTANT INFORMATION

If you are in any doubt about the contents of this prospectus (the "**Prospectus**"), you should consult your bank, stockbroker, solicitor, accountant or other financial advisor. No one is authorised to give any information other than that contained in this Prospectus or in any of the documents referred to herein.

The Company

The Company is incorporated in Luxembourg under the laws of the Grand Duchy of Luxembourg as a *société anonyme* and qualifies as a *société d'investissement à capital variable* ("SICAV").

The Company is registered on the official list of undertakings for collective investment in transferable securities pursuant to Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time (the "Law of 17 December 2010"). The Company qualifies as an Undertaking for Collective Investment in Transferable Securities ("UCITS") under Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended.

The Company has appointed Franklin Templeton International Services S.à r.l., société à responsabilité limitée with its registered office at 8A, rue Albert Borschette, L-1246 Luxembourg, Grand-Duchy of Luxembourg as Management Company to provide investment management, administration and marketing services to the Company with the possibility to delegate part or all of such services to third-parties.

The Company has obtained recognition for marketing its Shares in various European countries (in addition to the Grand Duchy of Luxembourg): Austria, Belgium, the Republic of Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, The Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. The registration of the Shares of the Company in these jurisdictions does not require any authority to approve or disapprove the adequacy or accuracy of this Prospectus or the securities portfolios held by the Company. Any statement to the contrary is unauthorised and unlawful.

The distribution of this Prospectus and the offering of the Shares may be restricted in certain other jurisdictions. It is the responsibility of any persons wishing to make an application for Shares pursuant to this Prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdictions. Attention of Investors is also drawn to the fixed amount which may be levied on transactions by Distributors, local paying agents and Correspondent Banks established in certain jurisdictions such as Italy. Prospective subscribers for Shares should make themselves aware of the legal requirements with respect to such application and of any applicable taxes in the countries of their respective citizenship, residence or domicile.

The Company is a recognised collective investment scheme under section 264 of the Financial Services Markets Act 2000 of the United Kingdom.

The Company may apply for registration of the Shares in various other legal jurisdictions worldwide.

The Company does not have any debentures, loans, borrowings or indebtedness in the nature of liabilities under acceptances or acceptance credits, mortgage hire purchase commitments, guarantees or other material contingent liabilities.

The Company is not registered in the United States of America under the Investment Company Act of 1940. The Shares of the Company have not been registered in the United States of America under the Securities Act of 1933. The Shares made available under this offer may not be directly or indirectly offered or sold in the United States of America or any of its territories or possessions or areas subject to its jurisdiction or to or for the benefit of residents thereof, unless pursuant to an exemption from registration requirements available under US law, any applicable statute, rule or interpretation. US Persons are not eligible to invest in the Company. Prospective Investors shall be required to declare that they are not a US Person and are not applying for Shares on behalf of any US Person. In the absence of written notice to the Company to the contrary, if a prospective investor provides a non-US address on the application form for investment in the Company, this will be deemed to be a representation and warranty from such investor that he/she/it is not a US Person and that such investor will continue to be a non-US Person unless and until the Company is otherwise notified of a change in the investor's US Person status.

The term "US Person" shall mean any person that is a United States person within the meaning of Regulation S under the United States Securities Act of 1933 or as defined by the U.S. Commodity Futures Trading Commission for this purpose, as the definition of such term may be changed from time to time by legislation, rules, regulations or judicial or administrative agency interpretations.

The Company is not registered in any provincial or territorial jurisdiction in Canada and Shares of the Company have not been qualified for sale in any Canadian jurisdiction under applicable securities laws. The Shares made available under this offer may not be directly or indirectly offered or sold in any provincial or territorial jurisdiction in Canada or to or for the benefit of residents thereof, unless such Canadian resident is, and will remain at all times during their investment, a "permitted client" as that term is defined in Canadian securities legislation. Prospective Investors may be required to declare that they are not a Canadian resident and are not applying for Shares on behalf of any Canadian residents. If an Investor becomes a Canadian resident after purchasing Shares of the Company, the Investor will not be able to purchase any additional Shares of the Company.

Statements made in this Prospectus are based on the laws and practice currently in force in the Grand Duchy of Luxembourg, and are subject to changes in those laws and practice.

This Prospectus does not constitute an offer to anyone or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so.

The price of Shares in the Company and the income from them may go down as well as up and an Investor may not get back the amount invested. Attention of Investors is more specifically drawn to the fact that investment by the Company, as defined hereafter, may trigger specific risks, as more fully described under section "Risk Considerations".

The most recent audited annual and unaudited semi-annual reports of the Company, which are available free of charge and upon request at the registered office of the Company and the Management Company, form an integral part of this Prospectus.

Investors desiring to receive further information regarding the Company (including the procedures relating to complaints handling, the strategy followed for the exercise of the voting rights of the Company, the policy for placing orders to deal on behalf of the Company with other entities, the best execution policy as well as the arrangements relating to the fee, commission or non-monetary benefit in relation with the investment management and administration of the Company) or wishing to make a complaint about the operation of the Company should contact the Management Company client service department, 8A, rue Albert Borschette, L-1246 Luxembourg or their local servicing office.

The Company and the Management Company draw the Investors' attention to the fact that any Investor will only be able to fully exercise her/his Investor's rights directly against the Company, notably the right to participate in general meetings of the Shareholders, if the Investor is registered himself and in his own name in the register of Shareholders of the Company.

If an Investor invests in the Company through an intermediary investing in the Company in his own name but on behalf of the Investor, it may not always be possible for the Investor to exercise certain Shareholder rights directly against the Company. Investors are advised to take advice on their rights. The Management Company, acting as principal distributor of the Company (the "Principal Distributor"), will also organise and oversee the marketing and distribution of the Shares. The Principal Distributor may engage sub-distributors, intermediaries, brokers and/or professional investors (who may be affiliates of Franklin Templeton Investments and who may receive part of the maintenance charges, servicing charges or other similar fees).

Moreover, the Management Company decided that, when required by the relevant legal, regulatory and/or tax environment applicable to some particular countries where the Shares of the Company are or will be offered, the duties of organising and overseeing the marketing and distribution of Shares, or the distribution of Shares itself, currently dedicated on a worldwide basis to the Principal Distributor, may be allocated to such other entities (who may be affiliates of Franklin Templeton Investments) directly appointed by the Management Company from time to time.

Subject to the provisions of the agreements in place with the Management Company, such other parties may in turn engage sub-distributors, intermediaries, brokers and/or professional investors (who may be affiliates of Franklin Templeton Investments). Notwithstanding the foregoing, the Management Company will also monitor the appointment and activities of the sub-distributors, intermediaries, brokers and/or professional investors as part of its activity as Principal Distributor.

Distributors, sub-distributors, intermediaries and Brokers/Dealers engaged in the activity of marketing and distributing the Shares shall abide by and enforce all the terms of this Prospectus including, where applicable, the terms of any mandatory provisions of Luxembourg laws and regulations relating to the distribution of the Shares. They shall also abide by the terms of any laws and regulations applicable to them in the country where their activity takes place, including, in particular, any relevant requirements to identify and know their clients. They must not act in any way that would be damaging or onerous on the Company and/or the Management Company in particular by submitting the Company and/or the Management Company to regulatory, fiscal or reporting information it would otherwise not have been subject to. They must not hold themselves out as representing the Company.

For the avoidance of doubt, Investors buying Shares or investing through such other parties (or through sub-distributors, intermediaries, brokers/dealers and/or professional investors appointed by such other parties) will not be charged additional fees and expenses by the Company or the Management Company.

Whenever applicable, all references in this Prospectus relating to the Principal Distributor should therefore also read as references to such other parties appointed by the Management Company.

The Directors of the Company, whose names appear in section "Administrative Information", are responsible for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Board of Directors accepts responsibility accordingly.

Board of Directors' Powers

The Board of Directors is responsible for the Company's management and administration and has delegated its day-to-day- management and administration to the Management Company in accordance with the Articles and the Management Company services agreement.

The Board of Directors is responsible for the overall investment policy, objectives and management of the Company and its Funds. The Board of Directors may authorise the creation of additional Funds in the future with different investment objectives, subject to the amendment of this Prospectus.

The Board of Directors may decide to offer or issue in any Fund any of the existing Share Classes, which terms and conditions are more fully described in the section "Share Classes" and "Investment Management Fees", including Alternative Currency Classes, Hedged Share Classes as well as Share Classes with different dividend policies. Investors will be informed of the issue of such Shares upon publication of the Net Asset Value per Share of such Share Class as described in the section "Publication of Share Prices".

If the total value of the Shares of any Fund is at any time below USD 20 million, or the equivalent thereof in the currency of the relevant Fund, the Board of Directors may decide to redeem all the Shares outstanding of such Fund. Notice of such redemption will be sent to the registered Investors by mail and will, if bearer Shares are outstanding, be published in certain newspapers worldwide. The price at which

Shares will be redeemed will be based on the Net Asset Value per Share of such Fund determined upon realisation of all assets attributable to such Fund. Further details are provided in Appendix D.

The Board of Directors reserves the right at any time, without notice, to discontinue the issue or sale of Shares pursuant to this Prospectus.

Shares offered or in issue in the various Funds, Classes and currencies are more fully described in the section "Share Classes".

The assets of each Fund are exclusively available to satisfy the rights of Shareholders and of creditors, which have arisen in connection with the creation, operation or liquidation of that Fund. For the purpose of the relations as between Shareholders, each Fund will be deemed to be a separate entity.

The determination of the prices of Shares of each Fund may be suspended during a period when trading on a relevant stock exchange is substantially restricted or when other specified circumstances exist which make it impracticable to dispose of or value any of the Company's investments (see Appendix D). No Share may be issued, redeemed or switched during a period of suspension. A notice of any suspension shall be published, if appropriate, in such newspapers as the Board of Directors and/or the Management Company may from time to time determine.

The distribution of this Prospectus in some jurisdictions may require the translation of this Prospectus into the languages specified by the regulatory authorities of those jurisdictions. In case of inconsistency between the translated and the English version of this Prospectus, the English version shall prevail.

The Prospectus shall be kept up-to-date and shall be made available on the Internet site: www.franklintempleton.lu and may be found on the Internet site of Franklin Templeton Investments' Distributors and can be obtained free of charge and upon request at the registered office of the Company and the Management Company.

CONTENTS

DEFINITIONS

"Accumulation Share"	a Share which accumulates the net income attributable to a Share so that it is reflected in the increased value of that Share
"Alternative Currency Class"	a Share Class in an alternative currency to the base currency of the Fund
"Alternative Fund"	an Alternative Fund's assets are allocated across alternative strategies which generally relate to investments in non-traditional asset classes or non-traditional investment strategies, including long short equity, event driven, relative value, and global macro
"Annual General Meeting"	the annual general meeting of the Shareholders of the Company
"Articles"	the articles of incorporation of the Company as amended from time to time
"Balanced Fund"	a Balanced Fund (also known as mixed or multi-asset fund) typically invests in more than one type of asset, such as equities or debt securities (including, but not limited to, bonds). The proportion of a Balanced Fund invested in each type of asset (the asset allocation) may be fixed for some Funds and flexible for others. Where the asset allocation is flexible, the Investment Manager will make adjustments to the amount invested in each type of asset depending on its view of their future prospects. If permitted by its investment policy, a Balanced Fund may from time to time take exposure to only one type of assets depending on market opportunities
"Board of Directors"	the board of directors of the Company
"Broker/Dealer"	financial intermediary or advisor
"Business Day"	a day on which the banks in the relevant jurisdiction(s) are normally open for business
"Commitment Approach"	an approach for measuring risk or "Global Exposure" that factors in the market risk of the investments held in a UCITS sub-fund, including risk associated with any financial derivatives instruments held by converting the financial derivatives into equivalent positions in the underlying assets of those derivatives (sometimes referred to as "notional exposure"), after netting and hedging arrangements where the market value of underlying security positions may be offset by other commitments related to the same underlying positions. Global Exposure using the Commitment Approach is expressed as an absolute percentage of total net assets. Under Luxembourg Law, Global Exposure related solely to financial derivatives may not exceed 100% of total net assets, and Global Exposure overall (including market risk associated with the sub-funds' underlying investments, which by definition make up 100% of total net assets) may not exceed 200% of total net assets (excluding the 10% that a UCITS may borrow on a temporary basis for short-term liquidity)
"Company"	Franklin Templeton Investment Funds
"Contingent Deferred Sales Charge" or "CDSC"	a fee imposed when shares are sold, typically during the first few years of ownership
"Contract Note"	see sub-section "Contract Note" under section Investor General Information
"Correspondent Bank"	a bank that, in its own country, handles the business on behalf of a bank located in another country
"CPF"	Central Provident Fund
"CPF Board"	Central Provident Fund Board, a statutory body incorporated in Singapore and constituted under the Central Provident Fund Act

"CPF Investor"	a purchaser of Shares in the Company using his CPF savings, subject to such terms and conditions set out in the Singapore prospectus and terms and conditions as may be imposed by the CPF Board from time to time
"CSSF"	Commission de Surveillance du Secteur Financier – The regulatory and supervisory authority of the Company in Luxembourg
"Custodian"	J.P. Morgan Bank Luxembourg S.A., a Luxembourg-based bank, has been appointed by the Company as the Company's custodian bank
"Dealing Cut-Off Time"	the time prior to which a transaction instruction must be received in order for the transaction to be processed at the current day's NAV as further described in Appendix A of this Prospectus
"Dealing Day"	any Valuation Day which is also a Business Day. Dealing Day restrictions in any jurisdiction may be obtained upon request
"Directors"	the members of the Board of Directors
"Distributor"	an entity or person duly appointed by the Management Company, acting as Principal Distributor, to distribute or arrange for the distribution of Shares
"Distribution Share"	a Share which normally distributes its net investment income
"EMU"	Economic and Monetary Union
"Equity Fund"	an Equity Fund's assets are mainly or solely invested in or exposed to equity securities issued by companies, which are listed and traded on stock exchanges (equities). Equity Funds can either invest globally (global equity Funds) or be concentrated on specific countries (country-specific Funds), geographic regions (regional Funds) or sectors (sector-specific Funds)
"EU"	European Union
"European Savings Directive"	the directive 2003/48/EC on the taxation of savings income in the form of interest payments adopted by the Council of the European Union on 3 June 2003, as amended
"Expected Level of Leverage"	Funds which measure Global Exposure using a Value-at-Risk (VaR) approach disclose their Expected Level of Leverage. The Expected Level of Leverage is not a regulatory limit and should be used for indicative purposes only. The level of leverage in the Fund may be higher or lower than this expected level at any time as long as the Fund remains in line with its risk profile and complies with its relative VaR limit. The annual report will provide the actual level of leverage over the past period and additional explanations on this figure. The leverage is a measure of the aggregate derivative usage and therefore does not take into account other physical assets directly held in the portfolio of the relevant Funds. The Expected Level of Leverage is measured as the Sum of Notionals (see definition for Sum of Notionals)
"FATCA"	Foreign Account Tax Compliance Act
"FCM"	Futures Commission Merchant, an individual or organization which does both of the following: 1) solicits or accepts offers to buy or sell futures contracts, options on futures, off exchange foreign exchange contracts or swaps and 2) accepts money or other assets from customers to support such orders
"FFI"	a Foreign Financial Institution as defined in FATCA

"Fixed Income Fund"	a Fixed Income Fund's assets are mainly or solely invested in or exposed to debt securities (including, but not limited to, bonds) which pay a fixed or variable rate of interest and which may be issued by companies, national or local governments and/or international organisations which are supported by several governments (such as the World Bank). Fixed Income Funds may invest globally or focus on a geographic region or country and may invest in bonds issued by different types of issuer or focus on just one (such as governments)
"Franklin Templeton Investments"	FRI and its subsidiaries and affiliates worldwide
"FRI"	Franklin Resources Inc., One Franklin Parkway, San Mateo, California, a holding company for various subsidiaries that, together, are referred to as Franklin Templeton Investments
"Fund"	a distinct pool of assets and liabilities within the Company, distinguished mainly by its specific investment policy and objective as created from time to time
"Global Exposure"	refers to a measure of the risk exposure for a UCITS sub-fund that factors in the market risk exposure of underlying investments, as well as the incremental market risk exposure and implied leverage associated with financial derivative instruments if and where held in the portfolio. Under Luxembourg regulation, UCITS are required to measure such risk exposure using either a "Commitment Approach" or a "Value-at-Risk (VaR) Approach" – see separate definitions for these terms.
"Holding"	Shares held in a single Share Class within the Investor Portfolio
"Institutional Investor"	as defined from time to time by the guidelines or recommendations of the competent Luxembourg financial supervisory authority within the meaning of article 174 of the Law of 17 December 2010. Please refer to "Share Classes" section for the list of qualifying Institutional Investors
"Investment Fund(s) "	a UCITS or other UCI in which the Funds may invest, as determined in the investment restrictions described in Appendix B
"Investment Managers"	companies appointed by the Management Company and which provides day-to-day management in respect of the investment and re-investment of the assets of the Funds
"Investor"	a purchaser of Shares in the Company either directly or through a Nominee structure
"Investor Portfolio" or sometimes referred to as "Portfolio"	a portfolio of Holdings in the name of the registered Investor(s)
"Investor Portfolio Number"	personal number attributed to an Investor Portfolio upon acceptance of an application
"ISIN Code"	International Securities Identification Number that uniquely identifies a Fund / Share Class
"KIID"	a Key Investor Information Document within the meaning of article 159 of the Law of 17 December 2010
"Law of 17 December 2010"	Luxembourg Law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time
"Liquid Reserve Fund"	a Liquid Reserve Fund invests solely in very short-term debt securities known as money market instruments, cash and deposits. Liquid Reserve Funds will typically invest in securities issued in a single currency such as US dollar or euro in order to ensure risk is kept to a minimum. Liquid Reserve Funds are typically categorised as regular or short-term. The latter will invest only in the shortest term and highest quality securities and as such are very low risk. Regular Liquid Reserve Funds have more flexibility to invest in higher returning securities but are more likely to be subject to small fluctuations in value

"mainly"	please refer to the "primarily" definition below
"Management Company"	Franklin Templeton International Services S.à r.l. or, where relevant, the members of the Management Company's board of managers
"Money Market Fund"	a Liquid Reserve Fund that complies with the CESR guidelines CESR/10-049 dated 19 May 2010
"Net Asset Value per Share" or "NAV"	the value per Share of any Class of Share determined in accordance with the relevant provisions described under the heading "Determination of Net Asset Value of Shares" as set out in Appendix D
"Nominee"	an institution which purchases and holds Shares in its own name and on behalf of an Investor
"OECD"	Organisation for Economic Cooperation and Development
"Omnibus"	an institution which holds assets within a Portfolio or holding for a number of underlying Investors
"Physical Bearer Shares"	Shares which historically were issued in non-registered form by the Company. Title to such Shares is given to the holder of the physical bearer Share certificate. The Company no longer issues Shares in physical bearer form. Holders of Physical Bearer Shares have until 18 February 2016 to deposit and register their shares with Franklin Templeton International Services S.à r.l. in accordance with the "Form and Currency of Shares" section of this Prospectus
"primarily", "principally" or "mainly"	when a Fund investment policy states that investments will be made "primarily", "principally" or "mainly" in a particular type of security or in a particular country, region or industry, it generally means that at least two-thirds of this Fund's net assets (without taking into account ancillary liquid assets) shall be invested into such security, country, region or industry
"Principal Distributor"	the Management Company acting as principal distributor of the Company
"Principal Paying Agent"	J.P. Morgan Bank Luxembourg S.A. in its capacity as principal paying agent in charge of making and receiving payments on behalf of the Funds
"RMB"	the official currency of mainland China – to be read as a reference to onshore Renminbi (CNY) and/or offshore Renminbi (CNH) as the context requires
"SICAV"	*Société d'Investissement à Capital Variable*
"Share"	a Share of any Share Class in the capital of the Company
"Share Class"	a class of Shares with a specific fee structure, currency of denomination or other specific feature
"Shareholder"	a holder of Shares in the Company
"Sum of Notionals"	a measure of the level of leverage as calculated by taking the sum of notionals of all financial derivative contracts entered into by the Fund expressed as a percentage of the Fund's Net Asset Value. The Global Exposure to the underlying investments (i.e. the 100% of Global Exposure represented by actual net assets) is not included in the calculation, only the incremental Global Exposure from the financial derivative contracts being taken into account for the purpose of calculation of the Sum of Notionals. This methodology does not: - make a distinction between financial derivative instruments that are used for

	investment or hedging purposes. As a result, strategies that aim to reduce risk will contribute to an increased level of leverage for the Fund. - allow the netting of derivative positions. As a result, derivative roll-overs and strategies relying on a combination of long and short positions may contribute to a large increase of the level of leverage when they do not increase or only cause a moderate increase of the overall Fund risk. - take into account the derivative underlying assets' volatility or make a distinction between short-dated & long-dated assets. - consider the delta for option contracts, so there is no adjustment for the likelihood that any option contract will be exercised. As a result, a Fund that has out of the money option contracts that are not likely to be exercised will appear to have the same leverage as a Fund with comparable figures for sum of notionals where the option contracts are in the money and are likely to be exercised, even though the potential leveraging effect of out of the money options tends to increase as the price of the underlying asset approaches the strike price, then tends to dissipate as the price of the underlying rises further and the contract goes deep into the money.
"Third Party Payment"	payments received from, or made by/to, a party other than the registered Investor
"UCI" or "other UCI"	Undertaking for Collective Investment within the meaning of Article 1, paragraph (2), point a) and b) of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended
"UCITS"	Undertaking for Collective Investment in Transferable Securities authorised according to Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended
"USA" or "US"	United States of America
"Valuation Day" or "Pricing Day"	any day on which the New York Stock Exchange ("NYSE") is open or any full day on which banks in Luxembourg are open for normal business (other than during a suspension of normal dealing)
"Value-at-Risk (VaR) approach"	an approach for measuring risk or "Global Exposure" based on Value-at-Risk or VaR, which is a measure of the maximum potential loss that can arise at a given confidence level over a specific time period under normal market conditions. VaR may be expressed in absolute terms as a currency amount specific to a portfolio, or as a percentage when the currency amount is divided by total net assets. VaR may also be expressed in relative terms, where the VaR of the Fund (expressed in percentage terms) is divided by the VaR of its relevant benchmark (also expressed in percentage terms), generating a ratio known as relative VaR. Under Luxembourg Law absolute VaR limits are currently 20% of total net assets and relative VaR limits are currently twice or 200% of the benchmark VaR

All references herein to time are to Central European time (CET) unless otherwise indicated.
Words implying the singular shall, where the context permits, include the plural and vice versa.

ADMINISTRATIVE INFORMATION

BOARD OF DIRECTORS OF THE COMPANY

CHAIRMAN:

Gregory E. Johnson
President and Chief Executive Officer
FRANKLIN RESOURCES, INC.
One Franklin Parkway
San Mateo, CA 94403-1906
USA

DIRECTORS:

Vijay C. Advani
Executive Vice President-Global Advisory Services
FRANKLIN RESOURCES, INC.
One Franklin Parkway
San Mateo, CA 94403-1906
USA

Mark G. Holowesko
President
HOLOWESKO PARTNERS LTD.
Shipston House
P.O. Box N-7776
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Nassau
Bahamas

James J.K. Hung
President and Chief Executive Officer
ASIA SECURITIES GLOBAL LTD.
Room 63, 21st floor, New World Tower 1
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Geoffrey A. Langlands
Managing Partner
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Brazil

William Lockwood
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57570 Cattenom
France

Dr. J. B. Mark Mobius
Executive Chairman
TEMPLETON EMERGING MARKETS GROUP
7 Temasek Boulevard
38- 03 Suntec Tower One
Singapore 038987

The Honourable Trevor G. Trefgarne
Chairman
ENTERPRISE GROUP LIMITED
11 High Street
Accra
Ghana

MANAGEMENT COMPANY

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l.
8A, rue Albert Borschette
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FUND INFORMATION, OBJECTIVES AND INVESTMENT POLICIES

The Company aims to provide Investors with a choice of Funds investing in a wide range of transferable securities and other eligible assets on a worldwide basis and featuring a diverse array of investment objectives including capital growth and income. The overall objective of the Company is to seek to minimise investment risk exposure through diversification and to provide Investors with the benefit of a portfolio managed by entities of Franklin Templeton Investments according to its successful time-tested investment selection methods.

As more fully disclosed in Appendix D, a Fund shall be solely liable for its own assets and liabilities.

Each Fund may invest in "when-issued" securities, lend its portfolio securities and borrow money, all within the limits of the Company's investment restrictions (as more fully described in Appendix B). Within the same limits, each Fund may for the purpose of generating additional capital or income or for reducing costs or risks (i) enter, either as purchaser or seller, into optional as well as non-optional repurchase transactions and (ii) engage in securities lending transactions.

Further, subject to the limits set forth in the investment restrictions, the Company may with respect to each Fund, invest in financial derivative instruments for the purpose of efficient portfolio management and/or to hedge against market or currency risks.

In addition, the Company may also seek to protect and enhance the asset value of its different Funds through hedging strategies consistent with the Funds' investment objectives by utilising, for example, currency options, forward contracts and futures contracts.

When a Fund investment policy states that investments will be made "primarily", "principally" or "mainly" in a particular type of security, or in a particular country, region or industry, it generally means that at least two-thirds of this Fund’s net assets (without taking into account ancillary liquid assets) shall be invested into such security, country, region or industry.

Each Fund may, on an ancillary basis, hold liquid assets when the Investment Manager believes they offer more attractive opportunities or as a temporary defensive measure in response to adverse market, economic, political, or other conditions, or to meet liquidity, redemption, and short-term investing needs. In exceptional market circumstances and on a temporary basis only, 100% of any Fund’s net assets may be invested in liquid assets, with due regard to the principle of risk spreading. Such assets may be kept in the form of cash deposits or in money market instruments.

When a Fund may invest in total return swaps or other financial derivative instruments with similar characteristics, the underlying assets and investment strategies to which exposure will be gained are described in the relevant Fund’s investment policy.

The investment objectives and policies described below are binding on the Management Company and the respective Investment Managers of the Funds.

FRANKLIN ASIA CREDIT FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's objective is to maximise total investment return through a combination of interest income and capital appreciation.

Investment Policy
The Fund seeks to achieve its objective by investing principally in a portfolio composed of fixed and/or floating rate debt securities issued or guaranteed by government (including government agencies and government-related bodies), financial institutions as well as corporate entities, domiciled in Asian countries which are included in the JP Morgan Asia Credit index benchmark ("JACI benchmark"), or having significant business activities within countries included in the JACI benchmark.

Debt securities may include bonds, notes, commercial paper, preferred securities (including trust-preferred securities), contingent capital securities, hybrid bonds, private placements securities and bonds convertible into common stock or with warrants attached, as well as covered bonds and sukuk issues. Hybrid bonds and contingent capital securities not included in the JACI benchmark will not represent more than 10% of the fund's net assets.

The Fund may invest up to 10% of its net assets in securities issued and/or guaranteed by any single government or government-related issuer with a credit rating below investment grade.

The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may be dealt on either 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 options (including warrants). Use of financial derivative instruments may result in negative returns in a specific yield curve/duration, currency or credit since, among other things, the price of financial derivative instruments are dependent on the price of their underlying instruments and these prices may go up or down.

The Fund may also invest up to 10% of its net assets into units of UCITS and other open and closed end UCIs, which may include other Funds of Franklin Templeton Investment Funds as well as exchange traded funds.

Investor Profile

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

- Total investment return consisting of interest income and capital appreciation by investing in debt securities of issuers located throughout Asia
- invest for the medium to long term

Risk Considerations

The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Restructuring Companies risk
- Swap Agreements risk
- Warrants risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)

Franklin Advisers, Inc. and Franklin Templeton Institutional, LLC.

Fees Disclosures

Please refer to Appendix E for a full description of the fees.

FRANKLIN BIOTECHNOLOGY DISCOVERY FUND[1]

Asset Class

Equity Fund

Base Currency

US dollar (USD)

Investment Objectives

The Fund's investment objective is capital appreciation.

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.

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 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.

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[1] This Fund is currently closed to subscriptions received from new investors until further decision of the Board of Directors.

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

- capital appreciation by investing in equity securities
- a growth investment in the biotechnology sector in the US and around the world
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Biotechnology, Communication and Technology Sectors risk
- Counterparty risk
- Equity risk
- Foreign Currency risk
- Growth Stocks risk
- Liquidity risk
- Market risk
- Smaller and Midsize Companies risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN BRAZIL OPPORTUNITIES FUND

Asset Class
Balanced Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to maximise, consistent with prudent investment management, total investment return, consisting of a combination of capital appreciation, income, cash and currency gains by investing across the entire range of available investment opportunities linked to Brazil.

Investment Policy
The Fund seeks to achieve its objective by investing directly or indirectly in a diversified portfolio of transferable securities linked to Brazil consisting of equity and equity-related securities of companies of any size as well as debt securities (including non-investment grade securities) and debt obligations issued or guaranteed by governments or government related issuers. The Fund may also invest in debt securities (including non-investment grade securities) of corporate issuers. The Fund retains the possibility to gain exposure to Brazil by investing into securities issued by non-Brazilian issuers. The Fund may further invest in commercial paper, time deposits, cash, money market instruments and may enter into repurchase agreements. The Fund may invest in cash when the Investment Manager believes that cash represents a better relative value compared to Brazilian assets, when the market or the Brazilian economy experience excessive volatility or prolonged general decline and/or to adjust its exposure to asset classes, currencies and/or market sectors. The proportion of the Fund's net assets allocated to equity or debt securities may vary over time depending on the Investment Manager's view of the relative attractiveness of each asset class and may result in a predominant exposure either to equity or to debt securities. **The Investment Manager may decide to invest up to 100% of the Fund's net assets in debt obligations issued or guaranteed by the Brazilian government and its local authorities in accordance with the applicable risk diversification requirements contained in Appendix B "Investment Restrictions"**.

The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and/or 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 inflation-linked swaps and equity and/or fixed income related total return swaps), forward and cross forwards, futures contracts, as well as options. Use of these financial derivative instruments may result in negative exposure in a specific asset class, yield curve/duration or currency.

The Fund may also invest in credit-linked securities or other structured products that derive their value from another Brazil-related index, security or currency.

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

- capital appreciation, income and currency gains by investing across the entire range of available investment opportunities linked to Brazil
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Repurchase Transactions risk
- Single Country risk
- Sovereign Debt risk
- Smaller and Midsize Companies risk
- Swap Agreements risk

Global Exposure
The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is a blended benchmark consisting of the MSCI Brazil Index (20%), J.P.Morgan EMBI Brazil Plus Index (40%) and the IRF-M - Índice de Renda Fixa de Mercado (40%).

The Expected Level of Leverage for the Fund is not expected to exceed 400%. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Templeton Investimentos (Brasil) Ltda.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN DIVERSIFIED BALANCED FUND

Asset Class
Balanced Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's investment objective is to achieve a combination of income and long-term capital appreciation, targeting a yearly average return of 3.5% (net of fees) over the Euro Interbank Offered Rate (EURIBOR) over a rolling three year period. The Fund aims to achieve its objective with an annualised volatility ranging, under normal market conditions, between 5% and 8%. There is no guarantee that the Fund will achieve its return objective, nor that it will remain within the aimed-for volatility range.

Investment Policy
The Fund intends to achieve its objective by actively managing direct and indirect exposure to equities, fixed income securities, cash and equivalents and indirect exposure to "alternative" investments whereby a part or the majority of its portfolio is invested in units of UCITS and other open and closed-end UCIs (including exchange traded funds) providing exposure to equity and fixed income.

The Fund invests directly or indirectly (through collective investment schemes managed by Franklin Templeton Investments entities or other asset managers, financial derivative instruments and structured products) in securities of issuers of any market capitalisation located anywhere in the world, including Emerging Markets. The Fund may have up to 75% net long exposure directly or indirectly to equities and equity-related securities (including participatory notes). The remaining net assets are normally invested directly or indirectly in debt securities (including lower rated or non-investment grade securities, defaulted debt securities, and convertible or contingent convertible securities as well as distressed debt securities) as well as, up to 10%, in "alternative" asset classes such as real estate, infrastructure and commodities. Investments in contingent convertible securities are only made on a marginal basis. Exposure to assets classes such as equities will be determined on a net basis, taking the combined value of long and short exposures across all equity markets. Gross absolute exposure to equities may therefore exceed 75%.

The Fund may use financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments include but are not limited to swaps (such as credit default swaps or total return swaps on equity, fixed income, currency or commodity related indices), forwards, futures contracts (including futures on equity indices and on government securities), as well as options (including covered calls). In this context, the Fund may seek exposure to, inter alia, commodities or real estate through the use of financial derivative instruments on eligible financial indices. The Fund may also invest in securities, cash-settled structured products or exchange traded notes where the security is linked to or derives its value from another security, index or currencies of any country.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- medium to long-term capital appreciation and income with moderate volatility
- a relatively cautious approach to the growth opportunities offered through investment in equities, debt securities and cash

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Commodities Related Exposure risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Distressed Securities risk
- Dividend Policy risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Interest Rate Securities risk
- Investment Funds risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Participatory Notes risk
- Real Estate Securities risk
- Securities Lending risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure
The Value-at-Risk approach (absolute VaR) is used to calculate the Global Exposure of the Fund.

The Expected Level of Leverage for the Fund should amount to 300%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Templeton Investment Management Limited (also acting through its German branch)

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN DIVERSIFIED CONSERVATIVE FUND

Asset Class
Fixed Income Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's investment objective is to achieve a combination of income and long-term capital appreciation, targeting a yearly average return of 2% (net of fees) over the Euro Interbank Offered Rate (EURIBOR) over a rolling three year period. The Fund aims to achieve its objective with an annualised volatility ranging, under normal market conditions, between 3% and 5%. There is no guarantee that the Fund will achieve its return objective, nor that it will remain within the aimed-for volatility range.

Investment Policy
The Fund intends to achieve its objective by actively managing direct and indirect exposure to equities, fixed income securities, cash and equivalents and indirect exposure to "alternative" investments whereby a part or the majority of its portfolio is invested in units of UCITS and other open and closed-end UCIs (including exchange traded funds) providing exposure to equity and fixed income.

The Fund invests directly or indirectly (through collective investment schemes managed by Franklin Templeton Investments entities or other asset managers, financial derivative instruments and structured products) in securities of issuers of any market capitalisation located anywhere in the world, including Emerging Markets. The Fund may have up to 40 % net long exposure directly or indirectly to equities and equity-related securities (including participatory notes). The remaining net assets are normally invested directly or indirectly in debt securities (including lower rated or non-investment grade securities, defaulted debt securities, and convertible or contingent convertible securities as well as distressed debt securities) as well as, up to 10%, in "alternative" asset classes such as real estate, infrastructure and commodities. Investments in contingent convertible securities are only made on a marginal basis. Exposure to assets classes such as equities will be determined on a net basis, taking the combined value of long and short exposures across all equity markets. Gross absolute exposure to equities may therefore exceed 40%.

The Fund may use financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments include but are not limited to swaps (such as credit default swaps or total return swaps on equity, fixed income, currency or commodity related indices), forwards, futures contracts (including futures on equity indices and on government securities), as well as options (including covered calls). In this context, the Fund may seek exposure to, inter alia, commodities or real estate through the use of financial derivative instruments on eligible financial indices. The Fund may also invest in securities, cash-settled structured products or exchange traded notes where the security is linked to or derives its value from another security, index or currencies of any country.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- medium-term capital appreciation and income with low volatility
- limited exposure to the growth opportunities offered through investment in equities

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Commodities Related Exposure risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Distressed Securities risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Interest Rate Securities risk
- Investment Funds risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Participatory Notes risk
- Real Estate Securities risk
- Securities Lending risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure
The Value-at-Risk approach (absolute VaR) is used to calculate the Global Exposure of the Fund.

The Expected Level of Leverage for the Fund should amount to 300%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Templeton Investment Management Limited (also acting through its German branch)

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN DIVERSIFIED DYNAMIC FUND

Asset Class
Equity Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's investment objective is to achieve long-term capital appreciation, targeting a yearly average return of 5% (net of fees) over the Euro Interbank Offered Rate (EURIBOR) over a rolling three year period. The Fund aims to achieve its objective with an annualised volatility ranging, under normal market conditions, between 8% and 11%. There is no guarantee that the Fund will achieve its return objective, nor that it will remain within the aimed-for volatility range.

Investment Policy
The Fund intends to achieve its objective by actively managing direct and indirect exposure to equities, fixed income securities, cash and equivalents, and indirect exposure to "alternative" investments whereby a part or the majority of its portfolio is invested in units of UCITS and other open and closed-end UCIs (including exchange traded funds) providing exposure to equity and fixed income.

The Fund invests directly or indirectly (through collective investment schemes managed by Franklin Templeton Investments entities or other asset managers, financial derivative instruments and structured products) in securities of issuers of any market capitalisation located anywhere in the world, including Emerging Markets. The Fund may have up to 100% net long exposure directly or indirectly to equities and equity-related securities (including participatory notes). The remaining net assets are normally invested directly or indirectly in debt securities (including lower rated or non-investment grade securities, defaulted debt securities, and convertible or contingent convertible securities as well as distressed debt securities) as well as up to 10% in "alternative" asset classes such as real estate, infrastructure and commodities. Investments in contingent convertible securities are only made on a marginal basis. Exposure to assets classes such as equities will be determined on a net basis, taking the combined value of long and short exposures across all equity markets. Gross absolute exposure to equities may therefore exceed 100%.

The Fund may use financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments include but are not limited to swaps (such as credit default swaps or total return swaps on equity, fixed income, currency or commodity related indices), forwards, futures contracts (including futures on equity indices and on government securities), as well as options (including covered calls). In this context, the Fund may seek exposure to, inter alia, commodities or real estate through the use of financial derivative instruments on eligible financial indices. The Fund may also invest in securities, cash-settled structured products or exchange traded notes where the security is linked to or derives its value from another security, index or currencies of any country.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- long-term capital appreciation
- a higher level of volatility to maximise long-term returns

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Commodities Related Exposure risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Distressed Securities risk
- Dividend Policy risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Interest Rate Securities risk
- Investment Funds risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Participatory Notes risk
- Real Estate Securities risk
- Securities Lending risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure
The Value-at-Risk approach (absolute VaR) is used to calculate the Global Exposure of the Fund.

The Expected Level of Leverage for the Fund should amount to 300%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Templeton Investment Management Limited (also acting through its German branch)

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN EURO GOVERNMENT BOND FUND

Asset Class
Fixed Income Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's investment objective is to maximise, consistent with prudent investment management, total investment return, consisting of a combination of interest income and capital appreciation.

Investment Policy
The Fund principally invests in investment grade obligations of government and government-related issuers as well as supranational entities located throughout the European Monetary Union ("EMU").

In addition, in accordance with the investment restrictions, the Fund may invest in debt obligations of government, supranational and government-related issuers worldwide (including non-investment grade securities) with a maximum 15% combined limit for investments in securities issued by (i) non-EMU issuers and (ii) issuers with ratings of BB+ or below and Ba1 or below.

The Fund may also utilise financial derivative instruments for hedging purposes and/or efficient portfolio management. These financial derivative instruments may be dealt on either (i) regulated markets, such as futures contracts (including those on government securities), as well as options or (ii) over-the-counter such as currency, exchange rate, and interest rate related swaps and forwards.

Such debt obligations shall be denominated in or hedged to euro. The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- maximise total investment return consisting of interest income and capital appreciation by investing in debt securities of government and/or government-related issuers from member countries of the European Monetary Union
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Counterparty risk
- Credit risk
- Derivative Instruments risk
- Dividend Policy risk
- Eurozone risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Regional Market risk
- Sovereign Debt risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Investment Management Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN EURO HIGH YIELD FUND

Asset Class
Fixed Income Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's principal investment objective is to earn a high level of current income. As a secondary objective, the Fund seeks capital appreciation, but only when consistent with its principal objective.

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. These financial derivative instruments 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/or 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.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may also, temporarily and/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.

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 distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- earn a high level of income, and to a lesser extent, some capital appreciation in a Fund having the euro as its base currency and investing in euro-denominated high-yield fixed income securities
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Restructuring Companies risk
- Swap Agreements risk
- Warrants risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Investment Management Limited and Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN EURO LIQUID RESERVE FUND

Asset Class
Liquid Reserve Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's investment objective is to provide shareholders with the opportunity to invest in a portfolio of high quality securities and money market instruments primarily euro denominated, or hedged back into euro to avoid any currency exposure.

Investment Policy
The Fund consists principally of transferable securities issued or guaranteed by the governments of any nation worldwide and eligible securities of corporate issuers of any nation. The portfolio is invested in a manner that the average remaining maturity of all securities and instruments comprised in the portfolio of the Fund does not exceed twelve months. For the purpose of calculating the residual maturity of each single security or instrument, the financial instruments attached thereto shall be taken into account. For the securities or instruments whose terms of issue provide for an adjustment of their interest rate by reference to market conditions, the residual maturity until the date on which the rate is adjusted shall be considered.

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

- current income and safety of principal by investing in high-quality fixed income securities, primarily euro-denominated or hedged back to the euro
- invest for the short term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Counterparty risk
- Credit risk
- Eurozone risk
- Interest Rate Securities risk
- Liquidity risk
- Market risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Investment Management Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN EURO SHORT DURATION BOND FUND

Asset Class
Fixed Income Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's investment objective is to maintain a degree of capital preservation and liquidity, whilst maximising total returns and income.

Investment Policy
The Fund seeks to achieve its objective by investing primarily in short dated fixed and floating-rate debt securities and debt obligations of sovereign and corporate issuers located within Europe that are rated investment grade or if unrated, of comparable quality. The Fund may hold a maximum of 10% in low-rated, non-investment grade and/or defaulted debt securities, or if unrated, of comparable quality.

The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and/or 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 interest rate swaps, currency swaps, credit default swaps and fixed income related total return swaps), forwards and cross currency forwards, futures contracts, as well as options on such instruments.

The Fund intends to purchase fixed and floating-rate securities with debt obligations denominated in euros and a maximum of 10% in non-Euro denominated currencies.

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

- maintain liquidity, maximising total returns and income
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Counterparty risk
- Credit risk
- Derivative Instruments risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Market risk
- Regional Market risk
- Sovereign Debt risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Investment Management Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN EURO SHORT-TERM MONEY MARKET FUND

Asset Class
Money Market Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's investment objective is to maintain a high degree of capital preservation and liquidity whilst maximising returns in the euro currency.

Investment Policy
The Fund seeks to achieve its objective by investing in a portfolio of high-quality euro-denominated debt and debt-related securities, money market securities and cash denominated in euro. The Fund qualifies as a short-term money market fund in the meaning of the CESR Guidelines CESR/10-049 dated 19 May 2010 on a common definition of European money market funds (the "Guidelines").

The Fund invests in high-quality money market instruments which comply with the criteria for money market instruments as set out in the directive 2009/65/EC. These money market instruments consist primarily in transferable short-term fixed and floating-rate debt, debt-related and money market securities including (but not limited to) commercial paper issued by first-rate companies, floating-rate notes, certificates of deposit of prime banks, repurchase agreements, debentures, bonds, cash and deposits, which shall all comply with the Guidelines.

These investments shall be denominated in euro and up to 100% may be issued or guaranteed by sovereign governments and/or related entities, supranational entities, corporations and financial institutions. All investments at the time of purchase shall have a minimum rating of A1/P1 or equivalent or, if unrated, be declared to be of comparable quality by the Investment Manager.

The Fund only holds securities which at the time of acquisition have an average initial or residual maturity not exceeding 397 days, taking into account any connected financial instruments and/or the terms and conditions governing those securities. For this purpose, residual maturity is in principle the instrument's legal maturity.

The Fund's portfolio has a weighted average maturity that does not exceed 60 days and a weighted average life that does not exceed 120 days.

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

- current income and high degree of capital protection by investing in a portfolio of high-quality euro-denominated debt and debt-related securities, money market securities and cash denominated in euro
- invest for the short term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Counterparty risk
- Credit risk
- Eurozone risk
- Interest Rate Securities risk
- Market risk
- Repurchase Transactions risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Investment Management Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN EUROLAND FUND

Asset Class
Equity Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its investment objective by investing principally in equity securities of companies of any market capitalisation in Euroland countries. In selecting equity investments, the Investment Manager employs an active, bottom-up fundamental research process to search for individual securities believed to possess superior risk-return characteristics, taking into account both future growth potential and valuation considerations.

The Fund principally invests its net assets in the securities of issuers incorporated or having their principal business activities in Euroland countries (i.e. countries having adopted the euro as their national currency, the member states of the European Monetary Union).

To ensure eligibility for the French *Plan d'Epargne en Actions* (PEA), the Fund invests at least 75% of its net assets in equity securities issued by companies which have their head office in the European Union.

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 transferable securities, which do not fulfil the requirements set out above.

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

- capital appreciation by investing in equity securities of companies located in member countries of the European Monetary Union
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Counterparty risk
- Equity risk
- Eurozone risk
- Liquidity risk
- Market risk
- Regional Market risk
- Securities Lending risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Investment Management Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN EUROPEAN CORPORATE BOND FUND

Asset Class
Fixed Income Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's investment objective is to maximise, consistent with prudent investment management, total investment return through a combination of interest income and capital appreciation.

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/or non-European corporate issuers with a business presence in the European region. The Fund may also utilise certain financial derivative instruments for hedging, efficient portfolio management and/or 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), 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 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 and/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.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- total investment return through a combination of interest income and capital appreciation
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Eurozone risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Regional Market risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Investment Management Limited, Franklin Advisers, Inc. and Franklin Templeton Institutional, LLC

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN EUROPEAN DIVIDEND FUND

Asset Class
Equity Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's investment objective is to provide a combination of current income and long-term capital appreciation.

Investment Policy
The Fund seeks to achieve its investment objective by investing principally in equity and/or equity-related securities (including warrants and convertible securities) of companies of any market capitalisation incorporated or having their principal business activities in European countries. In particular, the Fund seeks income by investing in stocks the Investment Manager believes offer attractive dividend yields at the time of purchase and/or the prospect for attractive dividend yields in the future.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may also on an ancillary basis seek investment opportunities in equity-linked securities of the abovementioned companies as well as equity, equity-linked and/or equity-related securities of companies which do not fulfil the requirements set out above.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- income and capital appreciation by investing in equity securities of companies located in any European country
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Convertible Securities risk
- Counterparty risk
- Dividend Policy risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Regional Market risk
- Warrants risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Investment Management Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN EUROPEAN FUND

Asset Class
Equity Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's investment objective is capital appreciation in the long term.

Investment Policy
The Fund seeks to achieve its investment objective by investing principally in equity and/or equity-related securities (including warrants and convertible securities) of companies of any market capitalisation incorporated or having their principal business activities in European countries.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may also on an ancillary basis seek investment opportunities in equity-linked securities of the abovementioned companies as well as equity, equity-linked and/or equity-related securities of companies which do not fulfil the requirements set out above.

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

- capital appreciation by investing in equity securities of companies located in any European country
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Convertible Securities risk
- Counterparty risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Regional Market risk
- Warrants risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Investment Management Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN EUROPEAN GROWTH FUND[2]

Asset Class
Equity Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its investment objective by investing principally in equity and/or equity-related securities (including warrants and convertible securities) of companies of any market capitalisation. In selecting equity investments, the Investment Manager employs an active, bottom-up fundamental research process to search for individual securities believed to possess superior risk-return characteristics.

The Fund principally invests its net assets in securities of issuers incorporated or having their principal business activities in European countries.

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 transferable securities, which do not fulfil the requirements set out above.

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

- capital appreciation by investing in equity securities of companies located in any European country
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Convertible Securities risk
- Counterparty risk
- Equity risk

[2] This Fund is currently closed to subscriptions received from new investors until further decision of the Board of Directors.

- Eurozone risk
- Foreign Currency risk
- Growth Stocks risk
- Liquidity risk
- Market risk
- Regional Market risk
- Warrants risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Investment Management Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN EUROPEAN INCOME FUND

Asset Class
Balanced Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's objective is to maximise income while maintaining prospects for capital appreciation.

Investment Policy

The Fund will seek to maximise income but will also aim to produce capital growth. It will be managed with a neutral position that would allocate to equities and fixed income equally, but tactically allocate between the two asset classes in response to changes in the market cycle and asset valuations. The Fund will have a minimum allocation to both fixed income and equities of 35% with exposure being capped at a maximum of 65%.

The Fund seeks to achieve its objective by investing principally in a portfolio composed of equity and equity-related securities (including warrants) and fixed and/or floating rate debt securities issued or guaranteed by government (including government agencies and government-related bodies), financial institutions as well as corporate entities, domiciled in European countries, or having significant business activities within European countries. European countries may include emerging market countries in Europe.

Debt securities may include bonds, notes, commercial paper, preferred securities (including trust-preferred securities), contingent capital securities, hybrid bonds, and bonds convertible into common stock, as well as covered bonds. The Fund's exposure to subordinated debt, which may include hybrid bonds and contingent capital securities, is limited in aggregate to 15% of the Fund's net assets whereby the exposure to hybrid bonds and contingent capital securities may not in aggregate exceed 10% of the Fund's net assets.

The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may be dealt on either regulated markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps or fixed-income related total return swaps), credit-linked securities, forwards and cross forwards, futures contracts (including those on government securities), as well as options and covered equity put/calls. Use of financial derivative instruments may result in negative returns in a specific yield curve/duration, currency or credit since, among other things, the price of financial derivative instruments are dependent on the price of their underlying instruments and these prices may go up or down.

The Fund may also invest up to 10% of its net assets into units of UCITS and other UCIs.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

Investor Profile
Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:
- Maximise income while maintaining prospects for capital appreciation
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk

- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Equity risk
- Eurozone risk
- Foreign currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Regional Market risk
- Restructuring Companies risk
- Sovereign Debt risk
- Swap Agreements risk
- Warrants risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Investment Management Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN EUROPEAN SMALL-MID CAP GROWTH FUND[3]

Asset Class
Equity Fund

Base Currency
Euro (EUR)
Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its investment objective by investing principally in equity and/or equity-related securities (including warrants and convertible securities) of small and mid-cap European companies. In selecting equity investments, the Investment Manager employs an active, bottom-up fundamental research process to search for individual securities believed to possess superior risk-return characteristics.

The Fund principally invests its net assets in the securities of issuers incorporated or having their principal business activities in European countries and which have a market capitalisation above euro 100 million and below euro 8 billion or the equivalent in local currencies at the time of purchase.

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 transferable securities, which do not fulfil the requirements set out above.

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

- capital appreciation by investing in equity securities of small or mid cap companies located in any European country
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Convertible Securities risk
- Counterparty risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Growth Stocks risk
- Liquidity risk
- Market risk
- Regional Market risk
- Smaller and Midsize Companies risk
- Warrants risk

[3] This Fund is currently closed to subscriptions received from new investors until further decision of the Board of Directors.

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Institutional, LLC

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN EUROPEAN TOTAL RETURN FUND

Asset Class
Fixed Income Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's investment objective is to maximise, consistent with prudent investment management, total investment return consisting of a combination of interest income, capital appreciation, and currency gains.

Investment Policy
The Fund seeks to achieve its objective by investing in a portfolio of fixed and floating rate debt securities and debt obligations of governments, government-related or corporate issuers with registered office in Europe.

The Fund may also, in accordance with the investment restrictions, invest in securities or structured products where the security is linked to or derives its value from another security, linked to assets or currencies of any European country. More specifically, the Fund may purchase debt obligations issued by governments and supranational entities organised or supported by several national governments.

The Fund may also purchase mortgage- and asset-backed securities and convertible bonds. The Fund may also utilise certain financial derivative instruments for hedging purposes and/or efficient portfolio management. These financial derivative instruments may be dealt on regulated markets or over-the-counter, and may include index-based financial derivatives, credit default swaps or fixed income related total return swaps, forwards or futures contracts, or options on such contracts, including those on European government bonds. The net assets of the Fund shall primarily (e.g. at least two-thirds of the net assets without taking into account ancillary liquid assets) be invested in securities or financial derivative instruments based on securities of European issuers.

The Fund may invest in investment-grade and non-investment grade debt securities, including high-yield corporate debt, private placements, global bonds and currencies of Emerging Market countries, of which up to 10% of the Fund’s net assets may be in securities in default.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- a high level of income and capital preservation, and to a lesser extent, capital growth by investing in fixed income securities and derivative instruments from European governments or corporate issuers
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Mortgage- and Asset-Backed Securities risk
- Regional Market risk
- Sovereign Debt risk

- Structured Notes risk
- Swap Agreements risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Investment Management Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN GCC BOND FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to maximise, consistent with prudent investment management, total investment return consisting of a combination of interest income, capital appreciation and currency gains in the long term.

Investment Policy
The Fund seeks to achieve its objective by investing primarily in fixed or floating-rate debt securities and obligations issued by government, government-related or corporate entities located in Gulf Cooperation Council (GCC) member countries. The fund may also purchase fixed or floating-rate debt securities and obligations issued by entities based in the wider Middle East and North Africa regions as well as supranational entities organised by several national governments, such as the International Bank for Reconstruction and Development.

The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and/or 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 options. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit.

In accordance with the investment restrictions, the Fund may invest in securities or structured products where the security is linked to or derives its value from another security or is linked to assets or currencies of any country. 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 issuers in GCC countries including securities in default. The fixed income securities and debt obligations purchased by the Fund may be 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.

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

- total investment return consisting of interest income, capital appreciation and currency gains by investing in debt securities of issuers located in GCC, Middle East and North Africa countries and
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Mortgage- and Asset-Backed Securities risk
- Regional Market risk
- Sovereign Debt risk

- Structured Notes risk
- Swap Agreements risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Investments (ME) Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL AGGREGATE BOND FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's principal investment objective is to maximise, consistent with prudent investment management, total investment return, consisting of a combination of interest income and capital appreciation.

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 10% in non-investment grade securities and may also invest in Emerging Market debt securities. The Fund may, in addition, in accordance with the investment restrictions, invest in credit-linked securities or other structured products that derive their value from an index, security or currency or purchase mortgage- and asset-backed securities, including collateralised debt obligations. The Fund may also participate in mortgage dollar roll transactions.

The Fund may also utilise certain financial derivative instruments for hedging, efficient portfolio management and/or 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, as well as options. Use of financial derivative instruments will not exceed 40% 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.

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

- interest income and capital appreciation by investing in a diversified global fixed income product
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Collateralised Debt Obligations risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Mortgage- and Asset-Backed Securities risk
- Mortgage Dollar Roll risk
- Sovereign Debt risk
- Structured Notes risk

- Swap Agreements risk
- Warrants risk

Global Exposure
The Value-at-Risk Approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is the Barclays Capital Global Aggregate Index (100%).

The Expected Level of Leverage for the Fund should amount to 30%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Templeton Investment Management Limited and Franklin Templeton Institutional, LLC

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL AGGREGATE INVESTMENT GRADE BOND FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's principal investment objective is to maximise, consistent with prudent investment management, total investment return, consisting of a combination of interest income and capital appreciation.

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 and may also invest in investment-grade Emerging Market debt securities. The Fund may, in addition, in accordance with the investment restrictions, purchase mortgage- and asset-backed securities, including collateralised debt obligations. The Fund may also participate in mortgage dollar roll transactions.

The Fund may also utilise certain financial derivative instruments for hedging and/or efficient portfolio management. 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), forward and cross forwards, futures contracts, as well as options. Use of financial derivative instruments will not exceed 40% 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, undertakings for collective investments, bonds convertible into common stock, preferred stock and warrants.

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

- interest income and capital appreciation by investing in a diversified global investment-grade fixed income product
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Collateralised Debt Obligations risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Market risk
- Mortgage- and Asset-Backed Securities risk

- Mortgage Dollar Roll risk
- Sovereign Debt risk
- Structured Notes risk
- Swap Agreements risk
- Warrants risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Investment Management Limited and Franklin Templeton Institutional, LLC

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL ALLOCATION FUND

Asset Class
Balanced Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to maximise total returns consisting of capital appreciation and income.

Investment Policy
Under normal market conditions, the Fund seeks to achieve its investment objective by investing in a diversified portfolio of equity and fixed income securities supplemented by a tactical investment strategy which may include structured products, cash and financial derivative instruments designed to allow the Fund to adjust its exposure to asset classes, geographic regions, currencies and market sectors.

The Fund is structured as a multi-manager fund. The Investment Manager is responsible for monitoring the Fund's overall investment performance and for re-balancing the Fund's portfolio allocation. The Investment Manager makes an allocation of net assets to investment strategies managed independently by Investment Co-Managers of Franklin Templeton Investments selected by the Investment Manager. The allocation to asset classes and investment strategies is at the discretion of the Investment Manager and may change over time.

The Fund primarily invests in equity securities of companies of any market capitalisation located anywhere in the world, including Emerging Markets as well as debt securities issued by government, government-related and/or corporate entities worldwide as well as 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 may invest in securities of companies involved in mergers, consolidations, liquidations and reorganisations or as to which there exist tender or exchange offers, and may participate in such transactions. It may also invest in low-rated, non-investment grade and defaulted debt securities of various issuers, in fixed or floating rate securities, either directly or through regulated investment funds (subject to the limits indicated below).

The Fund may use various financial derivative instruments for hedging, efficient portfolio management and/or investment purposes to obtain exposure to various market sectors, selected interest rates, currencies or securities. 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 total return swaps on equity indices), forwards and cross forwards, futures contracts (including index futures and those on government securities), as well as options.

The Fund may also invest in securities or structured products (such as participatory notes) where the security is linked to or derives its value from another security or currencies of any country. The Fund may seek exposure to commodities through the use of cash-settled structured products and exchange-traded notes. The Fund may also purchase mortgage- and asset-backed securities, including collateralised debt obligations, and invest up to 10% of its net assets in units of UCITS and other UCIs.

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

- capital appreciation and income by investing in a diversified portfolio of equity and debt securities worldwide and additionally in a tactical investment strategy
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Asset Allocation risk
- Chinese Market risk
- Class Hedging risk
- Collateralised Debt Obligations risk
- Commodities Related Exposure risk

- Counterparty risk
- Credit risk
- Derivative Instruments risk
- Emerging Markets risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Mortgage- and Asset-Backed Securities risk
- Multi-Manager risk
- Participatory Notes risk
- Restructuring Companies risk
- Shanghai-Hong Kong Stock Connect risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure
The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is a blended benchmark consisting of the MSCI All Country World Index (50%), the Citigroup World Government Bond Index (35%), the Payden & Rygel 90-day US T-Bill Index (10%) and the Bloomberg Commodity Index (5%).

The Expected Level of Leverage for the Fund should amount to 150%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Alternative Strategies Advisers, LLC

The Fund aims to achieve its investment objectives through the careful selection of two or more investment co-managers (the "Investment Co-Managers") by the Investment Manager (Franklin Alternative Strategies Advisers, LLC). Such Investment Co-Managers may or may not be part of Franklin Templeton Investments. The Investment Manager may also take part in managing the assets of the Fund in addition to selecting and allocating to Investment Co-Managers.

The Investment Manager will be responsible for the selection and appointment of two or more Investment Co-Managers in respect of the Fund to delegate all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund. The Investment Manager shall allocate the assets of the Fund between the Investment Co-Managers in such proportions as it shall, at its discretion, determine suitable to achieve the Fund's objective.

The Investment Manager will monitor the performance of the Investment Co-Managers in respect of the Fund in order to assess the need, if any, to make changes/replacements. The Investment Manager may appoint or replace Investment Co-Managers in respect of the Fund at any time in accordance with any applicable regulations or notice periods.

The Investment Manager is responsible for the selection of the Investment Co-Managers, the monitoring of the performance of the Investment Co-Managers and the monitoring of the risk management framework implemented at the level of each Investment Co-Manager. The Investment Co-Managers may be replaced without prior notice to the Shareholders. The list of the Investment Co-Managers having acted for the Fund during the period under review is disclosed in the semi-annual and annual reports of the Company. The list of Investment Co-Managers effectively managing the Fund shall be made available upon request and free of charge at the registered office of the Company.

The Investment Co-Managers may seek advice from other investment advisory companies affiliated to Franklin Templeton Investments. The Investment Co-Managers will be remunerated by the Investment Manager out of the investment management fee received from the Management Company.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL CONVERTIBLE SECURITIES FUND

Asset Class
Balanced Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to maximise total return, consistent with prudent investment management, by seeking to optimise capital appreciation and current income under varying market conditions.

Investment Policy
The Fund seeks to achieve its investment objectives by investing primarily in convertible securities (including investment grade, non-investment grade, low-rated and/or unrated securities) of corporate issuers globally. The Fund may also invest in other securities, such as common or preferred stocks and non-convertible debt securities (including investment grade, non-investment grade, low rated and/or unrated securities). The Fund may continue to hold securities subsequent to issuer default. A convertible security is generally a debt security or preferred stock that may be converted within a specified period of time into common stock of the same or a different issuer. By investing in convertible securities, the Fund seeks the opportunity to participate in the capital appreciation of underlying stocks, while at the same time relying on the fixed income aspect of the convertible securities to provide current income and reduced price volatility. The Fund may also utilise certain financial derivative instruments for currency hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may be either dealt on regulated markets or over-the-counter, and may include, inter alia, forwards and cross forwards as well as options. The Fund may, through the use of financial derivative instruments, hold covered short positions provided that the long positions held by the Fund are sufficiently liquid to cover, at any time, its obligations resulting from its short positions. The Fund may also invest in securities or structured products (such as equity-linked securities) where the security is linked to or derives its value from another security or is linked to assets or currencies of any country. The Fund may also invest up to 10% of its net assets in securities in default and up to 10% of its net assets in units of UCITS and other UCIs.

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

- capital appreciation and current income by investing in convertible securities of corporate issuers around the world
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Structured Notes risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL CORPORATE HIGH YIELD FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to achieve income yield and long-term capital appreciation.

Investment Policy
The Fund seeks to achieve its objective by investing primarily in higher yielding fixed and floating-rate debt securities and debt obligations of corporate issuers located globally, including emerging market countries. The Fund may hold a significant proportion of its portfolio in non-investment grade securities and may hold securities which are in default.

The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and/or 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 interest rate swaps, currency swaps, and credit default swaps), forwards and cross currency forwards, futures contracts, as well as options on such instruments. The Fund may also, in accordance with the investment restrictions, invest in preferred stock, in securities or structured products where the security is linked to or derives its value from another security, or is linked to assets or currencies of any developing or emerging country.

The Fund may purchase fixed and floating-rate securities and debt obligations denominated in any currency, and may hold equity securities (including warrants) to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation. The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- earn a high level of income and capital appreciation by accessing a portfolio of high-yield fixed income securities of corporate issuers located throughout the world
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Market risk
- Low-Rated or Non-Investment Grade Securities risk
- Restructuring Companies risk
- Swap Agreements risk
- Warrants risk

Global Exposure
The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is the Bank of America Merrill Lynch Global High Yield Constrained Index.

The Expected Level of Leverage for the Fund should amount to 20%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL EQUITY STRATEGIES FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to seek capital appreciation through a diversified, value-oriented approach.

Investment Policy
The Fund generally invests in equity securities of companies of any market capitalisation located anywhere in the world, including Emerging Markets. The Fund also seeks to invest in the securities of companies involved in mergers, consolidations, liquidations and reorganisations or as to which there exist tender or exchange offers, and may participate in such transactions. It may also invest in equity-related securities such as participatory notes, in debt securities from corporate issuers worldwide, in low-rated and non-investment grade debt securities of various issuers, in fixed or floating rate securities as well as in financial derivative instruments. The Fund may utilise financial derivative instruments for hedging, efficient portfolio management, and/or investment purposes. These financial derivative instruments may include, inter alia, forwards and futures contracts, options on such contracts, including those on government securities either dealt on regulated markets or over-the-counter, swaps such as total return swaps on equity indices or credit default swaps.

The Fund makes an allocation of its net assets between three different investment strategies followed independently by the Templeton Global, Templeton Emerging Markets and Mutual Series management groups, with the aim to maintain an equal exposure to two global equity strategies and one Emerging Market equity strategy, subject to appropriate monitoring and rebalancing. Such investment strategies are already followed broadly by Franklin Templeton Investments in respect of certain of its US-registered funds and focus respectively on worldwide equity securities selling at prices unusually low relative to the Investment Managers' appraisal of value as well as on equity viewed as undervalued by the Investment Manager or convertible debt securities including securities of companies involved in mergers, consolidations, liquidations or other reorganisations.

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

- capital appreciation by investing in equity securities worldwide and benefiting from 3 investment strategies
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Chinese Market risk
- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Derivative Instruments risk
- Emerging Markets risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Participatory Notes risk
- Restructuring Companies risk
- Shanghai-Hong Kong Stock Connect risk
- Swap Agreements risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc., Templeton Asset Management Ltd., Franklin Mutual Advisers, LLC, Templeton Global Advisors Limited and Franklin Templeton Investment Management Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL FUNDAMENTAL STRATEGIES FUND

Asset Class
Balanced Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to seek capital appreciation through a diversified, value-oriented approach. Its secondary objective is to seek income.

Investment Policy
The Fund generally invests in equity securities of companies of any market capitalisation located anywhere in the world, including Emerging Markets, as well as fixed and floating-rate debt securities and debt obligations issued by government, government- related and/or corporate entities worldwide, as well as 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 may in addition invest in securities of companies involved in mergers, consolidations, liquidations and reorganisations or as to which there exist tender or exchange offers, and may participate in such transactions. It may also invest in low-rated, non-investment grade and defaulted debt securities of various issuers, in fixed or floating-rate securities, either directly or through regulated investment funds (subject to the limits indicated below). The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and/or 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 equity and/or fixed income related total return swaps), forwards and cross forwards, futures contracts (including those on government securities), as well as options. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit. The Fund may also invest in securities or structured products where the security is linked to or derives its value from another security or is linked to assets or currencies of any country. The Fund may invest up to 10% of its net assets in units of UCITS and other UCIs but not invest more than 10% of its net assets in mortgage- and asset-backed securities.

The Fund makes an allocation of its net assets between three different investment strategies followed independently by the Franklin, Templeton and Mutual Series management groups, with the aim to maintain an equal exposure to two global equity strategies and one global fixed income strategy, subject to appropriate monitoring and rebalancing. Such investment strategies are already followed broadly by Franklin Templeton Investments in respect of certain of its US registered funds and focus respectively on fixed and floating rate debt securities of government, government- related or corporate issuers across the world, on worldwide equity securities selling at prices unusually low relative to the Investment Managers' appraisal of value as well as on equity viewed as undervalued by the Investment Manager or convertible debt securities including securities of companies involved in mergers, consolidations, liquidations or other reorganisations.

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

- capital appreciation and current income by investing in a diversified portfolio of equity and debt securities worldwide and benefiting from 3 investment strategies
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Chinese Market risk
- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Derivative Instruments risk
- Emerging Markets risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Mortgage- and Asset-Backed Securities risk
- Restructuring Companies risk
- Shanghai-Hong Kong Stock Connect risk
- Structured Notes risk
- Swap Agreements risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc., Franklin Mutual Advisers, LLC, Templeton Global Advisors Limited and Franklin Templeton Investment Management Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL GOVERNMENT BOND FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to maximise, consistent with prudent investment management, total investment return, consisting of a combination of interest income and capital appreciation.

Investment Policy
The Fund principally invests in investment grade debt obligations of government and government-related issuers, as well as supranational entities, located throughout the world. Investments in non-government and non-government agency bonds, such as corporate and mortgage debt would typically not represent more than 20% of the portfolio in aggregate. The Fund may invest up to 10% of its net assets in debt securities that are below investment grade. The Fund may invest in investment grade emerging market debt securities.

The Fund may also purchase mortgage- and asset-backed securities and utilise certain financial derivative instruments for hedging, efficient portfolio management and/or 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), forwards and cross forwards, futures contracts, as well as options.

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

- maximise total investment return consisting of interest income and capital appreciation by investing in debt securities of government and government-related issuers located throughout the world
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Counterparty risk
- Credit risk
- Derivative Instruments risk
- Emerging Markets risk
- Eurozone risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Mortgage- and Asset-Backed Securities risk
- Sovereign Debt risk

Global Exposure
The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is the Citigroup World Government Bond ex Japan Index.

The Expected Level of Leverage for the Fund should amount to 80%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Templeton Investment Management Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL GROWTH AND VALUE FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund invests in equity securities and debt securities convertible or expected to be convertible into common or preferred stocks of companies of any market capitalisation located anywhere in the world, including Emerging Markets. At least half of the Fund's net assets without taking into account ancillary liquid assets shall be made in equity securities or similar instruments. The Fund may also invest in American, European and Global Depositary Receipts. The Fund invests in both "value" and "growth" stocks and the allocation of net assets to each is monitored and rebalanced regularly.

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

- capital appreciation by investing in a portfolio combining both growth and value equities from around the world
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Chinese Market risk
- Convertible Securities risk
- Counterparty risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Growth Stocks risk
- Liquidity risk
- Market risk
- Multi-Manager risk
- Securities Lending risk
- Shanghai-Hong Kong Stock Connect risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

The Fund aims to achieve its investment objectives through the careful selection of two or more investment co-managers (the "Investment Co-Managers") by the Investment Manager (Franklin Advisers, Inc.). Such Investment Co-Managers may or may not be part of Franklin Templeton Investments. The Investment Manager may also take part in managing the assets of the Fund in addition to selecting and allocating to Investment Co-Managers.

The Investment Manager will be responsible for the selection and appointment of two or more Investment Co-Managers in respect of the Fund to delegate all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund. The Investment Manager shall allocate the assets of the Fund between the Investment Co-Managers in such proportions as it shall, at its discretion, determine suitable to achieve the Fund's objective.

The Investment Manager will monitor the performance of the Investment Co-Managers in respect of the Fund in order to assess the need, if any, to make changes/replacements. The Investment Manager may appoint or replace Investment Co-Managers in respect of the Fund at any time in accordance with any applicable regulations or notice periods.

The Investment Manager is responsible for the selection of the Investment Co-Managers, the monitoring of the performance of the Investment Co-Managers and the monitoring of the risk management framework implemented at the level of each Investment Co-Manager. The Investment Co-Managers may be replaced without prior notice to the Shareholders. The list of the Investment Co-Managers having acted for the Fund during the period under review is disclosed in the semi-annual and annual reports of the Company. The list of Investment Co-Managers effectively managing the Fund shall be made available upon request and free of charge at the registered office of the Company.

The Investment Co-Managers may seek advice from other investment advisory companies affiliated to Franklin Templeton Investments. The Investment Co-Managers will be remunerated by the Investment Manager out of the investment management fee received from the Management Company.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL GROWTH FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its investment objective by investing principally in a portfolio of equity and/or equity-related securities (including warrants and convertible securities) of companies of any market capitalisation. 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 Fund's net assets are invested in the securities of issuers throughout the world, in both developed and Emerging Markets. The Fund's exposure to various regions and markets varies from time to time according to the Investment Manager's opinion as to the prevailing conditions and prospects for securities in these markets.

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 transferable securities, which do not fulfil the requirements set out above.

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

- capital appreciation by investing in equity securities
- a growth investment in companies around the world
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Emerging Markets risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Growth Stocks risk
- Liquidity risk
- Market risk
- Warrants risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Institutional, LLC

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL HIGH INCOME BOND FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's principal investment objective is to earn a consistent, high level of current income. As a secondary objective, the Fund seeks capital appreciation, consistent with its principal objective.

Investment Policy
The Fund invests principally in a diversified portfolio of higher yielding debt securities (including investment grade, non-investment grade and/or unrated securities of corporate and/or sovereign issuers) globally, including those in Emerging Markets. For the purpose of this Fund, debt securities shall include all varieties of fixed and floating-rate income securities, bonds, mortgage- and other asset-backed securities, convertible securities, collateralised loan obligations ("CLOs"), collateralised debt obligations ("CDOs") and structured notes (including credit-linked notes). The Fund may invest up to 100% of its assets in low-rated, non-investment grade and/or unrated debt securities of corporate and/or sovereign issuers worldwide.

The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and/or 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 options. Use of financial derivative instruments may result in negative returns in a specific yield curve/duration, currency or credit since, among other things, the price of financial derivative instruments are dependent on the price of their underlying instruments and these prices may go up or down.

The Fund may also invest up to 10% of the Fund's net assets per asset class in equity securities (including preferred stocks, common stocks, warrants and other equity-linked securities), real estate investment trusts ("REITs"), money market instruments, units of UCITS and other UCIs and securities in default on a temporary and/or on an ancillary basis and up to 5% of the Fund's net assets into repurchase agreements. "REITs" are companies the shares of which are listed on a stock exchange, which invest a significant portion of their net assets directly in real estate and which profit from a special and favourable tax regime.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- high level of income and prospects of capital appreciation by accessing a portfolio of higher yielding debt securities from issuers worldwide
- invest for the medium to long term with high tolerance for risk

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Collateralised Debt Obligations risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Mortgage- and Asset-Backed Securities risk
- Repurchase Transactions risk
- Restructuring Companies risk
- Sovereign Debt risk
- Structured Notes risk
- Swap Agreements risk
- Warrants risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL LISTED INFRASTRUCTURE FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to maximise total investment return consisting of income and capital appreciation.

Investment Policy
The Investment Manager seeks to achieve its investment objective by investing in equity securities of infrastructure-related companies whose principal business is the ownership, management, construction, operation, utilisation or financing of infrastructure assets and which are located around the world, including Emerging Markets. The Fund seeks to invest in companies across a wide range of infrastructure-related sectors and countries.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- interest income and capital appreciation by investing in companies across a wide range of infrastructure-related sectors and countries
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Counterparty risk
- Dividend Policy risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Infrastructure Securities risk
- Liquidity risk
- Market risk
- Smaller and Midsize Companies risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Institutional, LLC

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL MULTI-ASSET INCOME FUND

Asset Class
Balanced Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's investment objective is to achieve a level of total return consisting of income and capital appreciation, allowing it to support a steady level of annual distribution. There is no guarantee that the Fund will achieve its objective.

Investment Policy
The Fund intends to achieve its objective by actively managing direct and indirect exposure to equities, fixed income securities, cash and equivalents, collective investment schemes and indirect exposure to alternative investments (including but not limited to commodities and property).

The Fund invests directly and indirectly in equity securities of companies of any market capitalisation located anywhere in the world, including Emerging Markets.

The Fund also invests in fixed and floating rate debt securities issued by government, government-related and/or corporate entities worldwide as well as debt obligations issued by supranational entities organised or supported by several national governments.

The Fund may purchase mortgage- and asset-backed securities, including collateralised debt obligations. It may invest in low-rated, non-investment grade, defaulted debt and distressed debt securities of various issuers, both fixed rate or floating rate, including convertible or, on a marginal basis, contingent convertible securities, either directly or through regulated investment funds (subject to the limits indicated below).

The Fund may invest in securities of companies involved in mergers, consolidations, liquidations and reorganisations or as to which there exist tender or exchange offers, and may participate in such transactions.

Exposure to certain asset classes, such as commodities and property, may be achieved through eligible derivative instruments linked to an appropriate index.

The Fund may use financial derivative instruments for hedging, efficient portfolio management as well as investment purposes. These financial derivative instruments include but are not limited to swaps (including but not limited to credit default swaps or total return swaps on equity, fixed income, currency or commodity related indices), forwards, futures contracts (including futures on equity indices and on government securities), as well as options, both exchange traded and/or over the counter (including but not limited to covered calls). The Fund may also invest in securities or structured products where the security is linked to or derives its value from another security, index or currencies of any country.

Collective investment schemes which the Fund may invest into may be those managed by Franklin Templeton Investments entities' as well as those managed by other asset managers. The Fund may invest only up to 10% of its net assets into units of UCITS and other UCIs.

The Fund intends to be managed with half the volatility of global equity markets (based on the MSCI All Country World Index in the Fund's base currency).

The Fund intends to have at least 50% of the annual distribution deriving from the income generated by its portfolio. 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.

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

- capital appreciation and income by investing in a diversified portfolio of equity and debt securities worldwide
- invest for the medium to long-term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Asset Allocation risk
- Chinese Market risk
- Class Hedging risk
- Collateralised Debt Obligations risk
- Commodities Related Exposure risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Mortgage- and Asset-Backed Securities risk
- Multi-Manager risk
- Participatory Notes risk

- Real Estate Securities risk
- Restructuring Companies risk
- Securities Lending risk
- Shanghai-Hong Kong Stock Connect risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure
The Value-at-Risk Approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is a blended benchmark consisting of the Barclays Capital Multiverse (55%), the MSCI World (40%) and the Dow Jones Commodities Total Return Index (5%).

The Expected Level of Leverage for the Fund should amount to 300%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Templeton Investment Management Limited

The Fund aims to achieve its investment objectives through the careful selection of two or more investment co-managers (the "Investment Co-Managers") by the Investment Manager (Franklin Templeton Investment Management Limited). Such Investment Co-Managers shall be part of Franklin Templeton Investments. The Investment Manager may also take part in managing the assets of the Fund in addition to selecting and allocating to Investment Co-Managers.

The Investment Manager will be responsible for the selection and appointment of two or more Investment Co-Managers in respect of the Fund to delegate all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund. The Investment Manager is responsible for monitoring the Fund's overall investment performance and for re-balancing the Fund's portfolio allocation. The Investment Manager shall allocate the assets of the Fund between the Investment Co-Managers in such proportions as it shall, at its discretion, determine suitable to achieve the Fund's objective, which allocation may change over time.

The Investment Manager will monitor the performance of the Investment Co-Managers in respect of the Fund in order to assess the need, if any, to make changes/replacements. The Investment Manager may appoint or replace Investment Co-Managers in respect of the Fund at any time in accordance with any applicable regulations or notice periods.

The Investment Manager is responsible for the selection of the Investment Co-Managers, the monitoring of the performance of the Investment Co-Managers and the monitoring of the risk management framework implemented at the level of each Investment Co-Manager. The Investment Co-Managers may be replaced without prior notice to the Shareholders. The list of the Investment Co-Managers having acted for the Fund during the period under review is disclosed in the semi-annual and annual reports of the Company. The list of Investment Co-Managers effectively managing the Fund shall be made available upon request and free of charge at the registered office of the Company.

The Investment Co-Managers may seek advice from other investment advisory companies affiliated to Franklin Templeton Investments. The Investment Co-Managers will be remunerated by the Investment Manager out of the investment management fee received from the Management Company.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL REAL ESTATE FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to maximise total investment return consisting of income and capital appreciation.

Investment Policy
The Investment Manager seeks to achieve its investment objective by investing in real estate investment trusts ("Real Estate Investment Trusts" or "REITs") and other real estate and real estate-related companies (including small to mid-sized companies) whose principal business is financing, dealing, holding, developing and managing real estate and which are located around the world, including Emerging Markets. "REITs" are companies the shares of which are listed on a stock exchange, which invest a significant portion of their net assets directly in real estate and which profit from a special and favourable tax regime. These investments of the Fund shall qualify as transferable securities. The Fund seeks to invest in companies across a wide range of real estate sectors and countries.

The Fund may also utilise various financial derivative instruments for currency hedging and/or efficient portfolio management (such as but not limited to currency forwards and cross forwards, interest rate futures and swaps as well as options).

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- dividend income and capital appreciation by investing in companies across a wide range of real estate sectors and countries
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Counterparty risk
- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Equity risk
- Eurozone risk
- Liquidity risk
- Market risk
- Real Estate Securities risk
- Smaller and Midsize Companies risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Institutional, LLC

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN GLOBAL SMALL-MID CAP GROWTH FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its investment objective by investing principally in equity and/or equity-related securities (including warrants and convertible securities) of small- and mid-cap companies globally. In selecting equity investments, the Investment Manager employs an active, bottom-up fundamental research process to search for individual securities believed to possess superior risk-return characteristics.

The Fund principally invests its net assets in the securities of issuers incorporated or having their principal business activities in any developed country in the world and which have a market capitalisation above USD 100 million and below USD 8 billion or the equivalent in local currencies at the time of purchase. The Fund's exposure to various regions and markets varies from time to time according to the Investment Manager's opinion as to the prevailing conditions and prospects for securities in these markets.

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 transferable securities, which do not fulfil the requirements set out above.

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

- capital appreciation by investing in equity securities
- a growth investment in small or mid cap companies around the world
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Convertible Securities risk
- Counterparty risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Growth Stocks risk
- Liquidity risk
- Market risk
- Smaller and Midsize Companies risk
- Warrants risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Institutional, LLC

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN GOLD AND PRECIOUS METALS FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's principal investment objective is capital appreciation. Its secondary objective is income.

Investment Policy
Under normal market conditions, the Fund invests principally its net assets in securities issued by gold and precious metals operation companies. Gold and precious metals operation companies include companies that mine, process, or deal in gold or other precious metals, such as silver, platinum and palladium, including mining finance and exploration companies as well as operating companies with long-, medium-, or short-life mines.

The Fund principally invests in equity and/or equity-related securities such as common stocks, preferred stocks, warrants and convertible securities issued by gold and precious metals operation companies located anywhere in the world (including Emerging Markets) and across the entire market capitalisation spectrum, including small-cap and medium-cap companies, as well as in American, Global and European Depositary Receipts.

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

- capital appreciation by investing in securities of gold and precious metals operation companies around the world
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Gold and Precious Metals Sector risk
- Liquidity risk
- Market risk
- Natural Resources Sector risk
- Smaller and Midsize Companies risk
- Warrants risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN HIGH YIELD FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's principal investment objective is to earn a high level of current income. As a secondary objective, the Fund seeks capital appreciation, but only when consistent with its principal objective.

Investment Policy
The Fund seeks to achieve these objectives by investing principally, either directly or through the use of financial derivative instruments, in fixed income debt securities of US or non-US issuers. The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments 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 normally invests in fixed income debt securities with investment grade or lower grade ratings (including non-investment grade securities), if issued by US issuers, or, if issued by non-US issuers or unrated, their equivalent. The Investment Manager attempts to avoid excessive risk by performing independent credit analyses of issuers and by diversifying the Fund's investments among different issuers.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may also, temporarily and/or on an ancillary basis, seek investment opportunities in any other types of 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 Manager 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.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- earn a high level of income, and to a lesser extent, some capital appreciation by investing in high-yield fixed income securities of US and non-US issuers
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Market risk
- Low-Rated or Non-Investment Grade Securities risk
- Restructuring Companies risk
- Swap Agreements risk
- Warrants risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN INCOME FUND

Asset Class
Balanced Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to maximise income while maintaining prospects for capital appreciation.

Investment Policy
The Fund invests in a diversified portfolio of transferable securities consisting of equity securities and long- and short-term debt securities. Equity securities generally entitle the holder to participate in a company's general operating results. These include common stocks, preferred stocks and convertible securities. Debt securities represent an obligation of the issuer to repay a loan of money to it, and generally provide for the payment of interest. These include bonds, notes and debentures.

In its search for growth opportunities, the Fund invests in common stocks of companies from a variety of industries such as utilities, oil, gas, real estate and consumer goods. The Fund seeks income by selecting investments such as corporate, foreign and US Treasury bonds, as well as stocks with attractive dividend yields. The Fund may invest in debt securities that are rated below investment grade. Investment-grade debt securities are rated in the top four ratings categories by independent rating organisations such as Standard & Poor's Corporation ("S&P") and Moody's Investors Service, Inc. ("Moody's"). The Fund generally invests in securities rated at least CAA by Moody's or CCC by S&P or unrated securities that the Investment Manager determines are of comparable quality. Generally, lower rated securities offer higher yields than more highly rated securities to compensate investors for the higher risk. Further information is contained in the section "Risk Considerations".

The Fund may invest up to 25% of its net invested assets in non-US securities. It ordinarily buys non-US securities that are traded in the US or American Depository Receipts, which are certificates typically issued by a bank or trust company that give their holders the right to receive securities issued by a US or a non-US company.

The Investment Manager searches for undervalued or out-of-favour securities it believes offer opportunities for income today and significant growth tomorrow. It performs independent analysis of the securities being considered for the Fund's portfolio, rather than relying principally on the ratings assigned by rating agencies. In its analysis, the Investment Manager considers a variety of factors, including:

- the experience and managerial strength of the company;
- responsiveness to changes in interests and business conditions;
- debt maturity schedules and borrowing requirements;
- the company's changing financial condition and market recognition of the change; and
- a security's relative value based on such factors as anticipated cash flow, interest or dividend coverage, asset coverage, and earnings prospects.

The Investment Manager may take a temporary defensive position when it believes the markets or the economy are experiencing excessive volatility, a prolonged general decline or when other adverse conditions may exist. Under these circumstances, the Fund may be unable to pursue its investment objective.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- high level of income and prospects of some capital appreciation by accessing a portfolio of both equity and fixed income securities via a single fund
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Credit risk

- Dividend Policy risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN INDIA FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund invests principally in equity securities including common stock, preferred stock and convertible securities, as well as in warrants, participatory notes, and depository receipts of (i) companies registered in India, (ii) companies which perform a predominant part of their business in India, and (iii) holding companies which hold a predominant part of their participations in companies referred to in (i) and (ii), all of them across the entire market capitalisation spectrum from small-to large-cap companies.

In addition the Fund may seek investment opportunities in fixed income securities issued by any of the above-mentioned entities as well as money market instruments.

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

- capital appreciation by investing in equity securities of companies located in India
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Growth Stocks risk
- Liquidity risk
- Market risk
- Participatory Notes risk
- Single Country risk
- Smaller and Midsize Companies risk
- Warrants risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc. and Templeton Asset Management Ltd.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN JAPAN FUND

Asset Class
Equity Fund

Base Currency
Japanese yen (JPY)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its objective through a policy of investing primarily in equity securities of issuers incorporated or having their principal business activities in Japan.

In addition, the Fund may also seek investment opportunities in other types of securities such as preferred stocks, securities convertible into common stocks, and corporate and government debt obligations which are Japanese yen and non- Japanese yen denominated.

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

- capital appreciation by investing in a growth-style investment concentrated in Japanese equity securities
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Convertible Securities risk
- Counterparty risk
- Equity risk
- Liquidity risk
- Market risk
- Single Country risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.
Investment Manager(s)
Franklin Advisers Inc.

The Investment Manager has delegated, under its responsibility and at its own costs and expenses, the day-to-day management in respect of the investment and re-investment of the net assets of the Fund to Sumitomo Mitsui Asset Management Company Limited, which acts as sub-investment manager.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN K2 ALTERNATIVE STRATEGIES FUND

Asset Class
Alternative Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to seek capital appreciation with lower volatility relative to the broad equity markets.

Investment Policy
The Fund seeks to achieve its investment objective by allocating its net assets across multiple non-traditional or "alternative" strategies, including but not limited to, some or all of the following strategies: Long Short Equity, Relative Value, Event Driven and Global Macro, each of which are described as follows:

- *Long Short Equity Strategies* – Long Short Equity Strategies generally seek to produce returns from investments in the global equity markets by taking long and short positions in stocks and common stock indices. These strategies are generally focused on risk-adjusted returns and capitalise on the Investment Co-Managers' views and outlooks for specific equity markets, regions, sectors and securities. Examples of long short equity strategies include (i) growth focused strategies, (ii) value focused strategies, (iii) market-neutral strategies (e.g., maintaining net exposures between 20% short and 20% long), (iv) sector-focused strategies (e.g., technology, healthcare, financials) and (v) regionally focused strategies (e.g., Europe, Asia).
- *Relative Value Strategies* – Relative Value Strategies encompass a wide range of investment techniques that are intended to profit from pricing inefficiencies. These strategies generally involve taking a position in one financial instrument and

simultaneously taking an offsetting position in a related instrument in an attempt to profit from incremental changes in the price differential. Examples of relative value strategies are: (i) credit long short strategies; (ii) credit arbitrage; (iii) convertible arbitrage; and (iv) volatility arbitrage.

- *Event Driven Strategies* – Event Driven Strategies generally imply investment in securities of companies undergoing corporate events. These strategies are generally focused on analysing the impact of the company-specific or transaction-specific event on security valuations. Examples of such company-specific or transaction-specific events include mergers, acquisitions, transfers of assets, tender offers, exchange offers, recapitalisations, liquidations, divestitures, spin-offs, equity restructurings and reorganisations.
- *Global Macro Strategies* – Global Macro Strategies generally focus on macro-economic (economy-wide phenomena such as changes in unemployment, national income, rate of growth, gross domestic product, inflation and price levels) opportunities across numerous markets and investments. Investments may be long or short and are based on the relative value or direction of a market, a currency, an interest rate, a commodity or any macroeconomic variable. Examples of Global Macro Strategies include discretionary (seeking to profit by tactically investing across different asset classes, markets, and investment opportunities through a combination of fundamental market analysis and quantitative modeling) and systematic (seeking to profit by utilising quantitative models to identify investment opportunities across different asset classes and markets in order to construct a portfolio of investments) macro strategies.

The Fund intends to invest in a wide range of transferable securities, financial derivative instruments and other eligible securities. Such securities may include, but are not limited to, equity and equity-related securities (which may include common stocks, preferred stocks, participatory notes, equity related certificates and convertible securities) and debt securities (which may include bonds, notes, debentures, bankers' acceptances and commercial paper).

The Fund invests in equity and equity-related securities of companies located anywhere and of any capitalisation size. Debt securities which may be acquired by the Fund shall include all varieties of fixed and floating-rate income securities of any maturity or credit rating (including investment grade, non-investment grade, low-rated, unrated securities and/or securities in default) of corporate and/or sovereign issuers worldwide, and may include, inter alia, high yield ("junk") bonds and distressed debt securities (securities of companies that are, or are about to be, involved in reorganisations, financial restructurings, or bankruptcy). The Fund may engage in active and frequent trading as part of its investment strategies.

The Fund utilises financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may be either dealt on regulated markets or over-the-counter, and may include, inter alia, (i) futures contracts, including futures based on equity or fixed income securities and indices, interest rate futures and currency futures and options thereon; (ii) swaps, including equity, currency, interest rate, total return swaps related to equity, fixed income and/or commodities as well as credit default swaps and options thereon; (iii) options, including call options and put options on indices, individual securities or currencies; and (iv) currency forward contracts. Use of financial derivative instruments may result in negative exposure in a specific asset class, yield curve/duration or currency.

The Fund uses investment practices involving leverage strategies and may take long and/or synthetic short positions in a wide range of asset classes, including equities, fixed income and currencies, among others. Long positions benefit from an increase in the price of the underlying instrument or asset class, while short positions benefit from a decrease in that price. Exposure to synthetic short positions shall be effected through the use of financial derivative instruments.

The Fund may also seek exposure to commodities through the use of cash-settled structured products or exchange-traded notes (such as participatory notes) on commodities or financial derivative instruments on commodity indices.

The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs and up to 10% of its net assets in bank loans that qualify as money market instruments.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may, in accordance with the investment restrictions, purchase mortgage- and asset-backed securities (including collateralised debt obligations) and invest in securities or structured products where the security is linked to or derives its value from another reference asset.

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

- capital appreciation by investing in a wide range of eligible securities and financial derivative instruments benefiting from several "alternative" strategies
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Asset Allocation risk
- Class Hedging risk
- Collateralised Debt Obligations risk
- Commodities Related Exposure risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Equity risk

- Floating Rate Corporate Investment risk
- Hedged Strategies risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Mortgage- and Asset-Backed Securities risk
- Multi-Manager risk
- Portfolio Turnover risk
- Restructuring Companies risk
- Smaller and Midsize Companies risk
- Sovereign Debt risk
- Swap Agreements risk

Global Exposure
The Value-at-Risk approach (absolute VaR) is used to calculate the Global Exposure of the Fund.

The Expected Level of Leverage for the Fund should amount to 300%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
K2/D&S Management Co., L.L.C.

The Fund aims to achieve its investment objectives through the selection of various investment co-managers (the "Investment Co-Managers") by the Investment Manager (K2/D&S Management Co., L.L.C.). Generally, such Investment Co-Managers, each of which uses an alternative investment strategy to invest its portion, may not be affiliated with Franklin Templeton Investments. The Investment Manager may also take part in managing the assets of the Fund in addition to selecting and allocating to Investment Co-Managers. The Fund's overall performance will be the result of the performance of the different strategies involved and the portion of the Fund's net assets assigned to such strategies.

The Investment Manager will be responsible for the selection and appointment of the Investment Co-Managers in respect of the Fund to delegate all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund. The Investment Manager shall allocate the assets of the Fund between the Investment Co-Managers in such proportions as it shall, at its discretion, determine suitable to achieve the Fund's objective.

The Investment Manager will further be responsible for the monitoring of the risk management framework implemented at the level of each Investment Co-Manager. The Investment Manager will also monitor the performance of the Investment Co-Managers in respect of the Fund in order to assess the need, if any, to make changes/replacements. The Investment Manager may appoint or replace Investment Co-Managers in respect of the Fund at any time in accordance with any applicable regulations or notice periods.

The Investment Co-Managers may be replaced without prior notice to the Shareholders. The list of the Investment Co-Managers having acted for the Fund during the period under review is disclosed in the semi-annual and annual reports of the Company. The list of Investment Co-Managers effectively managing the Fund shall be made available upon request and free of charge at the registered office of the Company.

The Investment Co-Managers will be remunerated by the Investment Manager out of the investment management fee received from the Management Company.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN MENA FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's principal investment objective is to provide long-term capital appreciation.

Investment Policy
The Fund invests primarily in transferable securities such as equity securities of companies (i) incorporated in the Middle East and North Africa countries ("MENA countries") including, but not limited to the Kingdom of Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Bahrain, Oman, Egypt, Jordan and Morocco, and/or (ii) which have their principal business activities in MENA countries across the entire market capitalisation spectrum (including small to mid-sized companies) as well as in financial derivative instruments. The Fund may utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may include, inter alia, forwards and financial futures contracts, or options on such contracts and equity-linked notes (including participatory notes) either dealt on regulated markets or over-the-counter.

In addition, since the investment objective is more likely to be achieved through an investment policy which is flexible and adaptable, the Fund may invest in participatory notes and other types of transferable securities, including equity, equity-related and fixed income securities of issuers worldwide. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.

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

- capital appreciation by investing in securities of companies in the Middle East and North African region
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Counterparty risk
- Derivative Instruments risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Frontier Markets risk
- Growth Stocks risk
- Liquidity risk
- Market risk
- Non-Regulated Markets risk
- Participatory Notes risk
- Regional Market risk
- Smaller and Midsize Companies risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN MUTUAL BEACON FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's primary investment objective is capital appreciation. A secondary objective is income.

Investment Policy
The Fund pursues its objectives principally through investments in common stock, preferred stock, and debt securities convertible or expected to be convertible into common or preferred stock. No more than 20% of the Fund's net assets will generally be invested in securities of non-US issuers. The opinions of the Investment Manager are based upon analysis and research, taking into account, among other factors, the relationship of book value (after taking into account accounting differences among countries) to market value, cash flow, multiple of earnings of comparable securities, creditworthiness of issuers, as well as the value of collateral securing a debt obligation, with the objective of purchasing equity and debt securities at below their intrinsic value.

The Fund may also seek to invest in the securities of companies involved in mergers, consolidations, liquidations and reorganisations or as to which there exist tender or exchange offers, and may participate in such transactions. To a lesser extent, the Fund may also purchase debt securities, both secured and unsecured, of companies involved in reorganisation or financial restructuring, including low-rated and non-investment grade securities.

The Investment Manager may take a 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.

The Fund may invest in financial derivative instruments, which may include, but are not limited to, futures, options, contracts for difference, forward contracts on financial instruments and options on such contracts, swaps such as credit default swaps or synthetic equity swaps. The Fund may, through the use of financial derivative instruments, hold covered short positions provided that the long positions held by the Fund are sufficiently liquid to cover, at any time, its obligations resulting from its short positions.

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

- capital appreciation and to a lesser extent income by investing in undervalued companies based primarily in the US
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Chinese Market risk
- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Restructuring Companies risk
- Securities Lending risk
- Shanghai-Hong Kong Stock Connect risk
- Swap Agreements risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Mutual Advisers, LLC

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN MUTUAL EUROPEAN FUND

Asset Class
Equity Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund’s principal investment objective is capital appreciation, which may occasionally be short term. Its secondary objective is income.

Investment Policy
The Fund principally invests in equity securities and debt securities convertible or expected to be convertible into common or preferred stock of companies incorporated or having their principal activities in European countries that the Investment Manager believes are available at prices less than their actual value based on certain recognised or objective criteria (intrinsic value). These include common stocks, preferred stocks and convertible securities. Under normal market conditions, the Fund invests its net assets predominantly in the securities of issuers organised under the laws of or whose principal business operations are located in European countries. For purposes of the Fund’s investments, European countries means all of the countries that are members of the European Union, Eastern and Western Europe and those regions of Russia and the former Soviet Union that are considered part of Europe. The Fund currently intends to invest principally in securities of issuers in Western Europe. The Fund normally invests in securities from at least five different countries, although, from time to time, it may invest all of its net assets in a single country. The Fund may invest up to 10% of its net assets in securities of non-European issuers.

The Fund may also seek to invest in the securities of companies involved in mergers, consolidations, liquidations and reorganisations or as to which there exist tender or exchange offers, and may participate in such transactions. To a lesser extent, the Fund may also purchase debt securities, both secured and unsecured, of companies involved in reorganisation or financial restructuring, including low-rated and non-investment grade securities.

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.

The Fund may invest in financial derivative instruments, which may include, but are not limited to, futures, options, contracts for difference, forward contracts on financial instruments and options on such contracts, swaps such as credit default swaps or synthetic equity swaps. The Fund may, through the use of financial derivative instruments, hold covered short positions provided that the long positions held by the Fund be sufficiently liquid to cover, at any time, its obligations resulting from its short positions.

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

- capital appreciation, which may occasionally be short term and to a lesser extent income by investing in undervalued companies of any European country
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Chinese Market risk
- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Regional Market risk
- Restructuring Companies risk
- Russian and Eastern European Markets risk
- Securities Lending risk
- Shanghai-Hong Kong Stock Connect risk
- Swap Agreements risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Mutual Advisers, LLC

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN MUTUAL GLOBAL DISCOVERY FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)
Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund pursues its objective principally through investments in common stock, preferred stock and debt securities convertible or expected to be convertible into common or preferred stock of companies of any nation as well as in sovereign debts and participations in foreign government debts that the Investment Manager believes are available at market prices less than their value based on certain recognised or objective criteria (intrinsic value). The Fund primarily invests in mid- and large-cap companies with a market capitalisation around or greater than 1.5 billion US dollars.

The Fund may also seek to invest in the securities of companies involved in mergers, consolidations, liquidations and reorganisations or as to which there exist tender or exchange offers, and may participate in such transactions. To a lesser extent, the Fund may also purchase debt securities, both secured and unsecured, of companies involved in reorganisation or financial restructuring, including low-rated and non-investment grade securities.

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

The Fund may invest in financial derivative instruments, which may include, but are not limited to, futures, options, contracts for difference, forward contracts on financial instruments and options on such contracts, swaps such as credit default swaps or synthetic equity swaps. The Fund may, through the use of financial derivative instruments, hold covered short positions provided that the long positions held by the Fund be sufficiently liquid to cover, at any time, its obligations resulting from its short positions.

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

- capital appreciation by investing in undervalued companies worldwide
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Chinese Market risk
- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Restructuring Companies risk
- Securities Lending risk
- Shanghai-Hong Kong Stock Connect risk
- Swap Agreements risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Mutual Advisers, LLC

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN NATURAL RESOURCES FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is capital appreciation and current income.

Investment Policy
The Fund invests primarily in equity securities as well as depositary receipts of (i) companies which perform a substantial part of their business in the natural resources sector, and (ii) companies which hold a substantial part of their participations in companies referred to in (i), including small and mid-sized companies. For the Fund's investment purpose, the natural resources sector includes companies that own, produce, refine, process, transport and market natural resources and companies that provide related services. This sector may include, for example, the following industries: integrated oil, oil and gas exploration and production, energy services and technology, alternative energy sources and environmental services, forest products, farming products, paper products and chemicals. On an ancillary basis, the Fund may also invest in equity or debt securities of any type of US or non-US issuer. The Fund expects to invest its net assets more in US securities than in securities of any other single country (including Emerging Markets).

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

- high total return in USD by investing in equity and debt securities in the natural resources sector
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Counterparty risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Growth Stocks risk
- Liquidity risk
- Market risk
- Natural Resources Sector risk
- Smaller and Midsize Companies risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN REAL RETURN FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to achieve, consistent with prudent investment management, total return that exceeds the rate of inflation over an economic cycle.

Investment Policy
In order to achieve the highest level of real return (total return less the estimated cost of inflation), the Fund seeks to allocate its net assets, under normal market conditions, in inflation indexed securities of all type such as US and non US inflation-indexed securities, investment grade and high-yield fixed income securities issued by governments, corporations and municipal issuers.

Inflation-indexed securities are fixed-income securities that are structured to provide protection against inflation. The value of the security's principal or the interest income paid on the security is adjusted to track changes in an official inflation measure. The US Treasury uses the Consumer Price Index for Urban Consumers as the inflation measure. Inflation-indexed securities issued by a non-US government are generally adjusted to reflect a comparable inflation index, calculated by that government.
The Fund seeks to achieve its objective by also investing in mortgage- and other asset-backed securities, short-term fixed income securities as well as equity securities with high correlation to broad measures of inflation, including shares of real estate investment trusts (REITs) and/or companies in the natural resources sector.

The Fund may also utilise financial derivative instruments for hedging and/or efficient portfolio management. 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 and/or commodity related total return swaps), forwards and cross forwards, futures contracts (including those on government securities), as well as options.

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

- total return that exceeds the rate of inflation over an economic cycle
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Counterparty risk

- Credit risk
- Derivative Instruments risk
- Equity risk
- Foreign Currency risk
- Inflation-Indexed Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Mortgage- and Asset-Backed Securities risk
- Natural Resources Sector risk
- Real Estate Securities risk
- Swap Agreements risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN STRATEGIC INCOME FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's primary investment objective is to earn a high level of current income. As a secondary investment objective, the Fund seeks capital appreciation over the long term.

Investment Policy
The Fund invests principally in debt securities globally, including those in Emerging Markets. For the purpose of this Fund, debt securities shall include all varieties of fixed and floating-rate income securities, including bank loans (through regulated investment funds), bonds, mortgage and other asset-backed securities (including collateralised debt obligations and mortgage dollar roll transactions) and convertible securities. The Fund may invest up to 100% of its net assets in low-rated and non-investment grade debt securities of issuers worldwide. In order to seek to achieve its objective, the Fund may use various financial derivative instruments for hedging, efficient portfolio management and/or investment purposes, subject to the investment restrictions more fully described in Appendix B. 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 (either of which may result in negative currency exposures), futures contracts (including those on government securities), as well as options. The Fund may invest up to 10% of its net assets in units of UCITS and other UCIs, up to 10% of its net assets in credit-linked securities and up to 10% of its net assets in securities in default. The Fund may also temporarily and/or on an ancillary basis, seek investment opportunities in other types of transferable securities such as preferred stock, common stock and other equity-linked securities, warrants, securities and bonds convertible into common stock.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- high level of current income and prospects for capital appreciation in USD by investing in debt securities and financial derivative instruments worldwide
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Collateralised Debt Obligations risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk

- Emerging Markets risk
- Eurozone risk
- Foreign Currency risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Interest Rate Securities risk
- Mortgage- and Asset-Backed Securities risk
- Mortgage Dollar Roll risk
- Prepayment risk
- Restructuring Companies risk
- Swap Agreements risk
- Warrants risk

Global Exposure
The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is a blended benchmark of the following Barclays Capital Index components: US High Yield (10%), US Mortgage-Backed (10%), US Government (10%), US Credit (Corporates) (10%), US Commercial Mortgage-Backed (5%), Global Treasury ex-US (10%), US Dollar Emerging Markets Sovereign (10%), Emerging Market Local Currency Government (10%) and Global High Yield (25%).

The Expected Level of Leverage for the Fund should amount to 30%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN TECHNOLOGY FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is capital appreciation.

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

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.

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

- capital appreciation by investing in equity securities
- a growth investment in the technology sector in the US and around the world
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Biotechnology, Communication and Technology Sectors risk
- Counterparty risk
- Equity risk
- Foreign Currency risk
- Growth Stocks risk
- Liquidity risk
- Market risk
- Smaller and Midsize Companies risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN U.S. DOLLAR LIQUID RESERVE FUND

Asset Class
Liquid Reserve Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to provide shareholders with the opportunity to invest in a portfolio of high-quality securities primarily US dollar denominated, or hedged back into the US dollar to avoid any currency exposure.

Investment Policy
The Fund consists principally of transferable securities and money market instruments issued or guaranteed by the governments of any nation worldwide and eligible securities of corporate issuers of any nation. The portfolio is invested in a manner that the average remaining maturity of all securities and instruments comprised in the portfolio of the Fund does not exceed twelve months. For the purpose of calculating the residual maturity of each single security or instrument, the financial instruments attached thereto shall be taken into account. For the securities or instruments whose terms of issue provide for an adjustment of their interest rate by reference to market conditions, the residual maturity until the date on which the rate is adjusted shall be considered.

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

- safety of principal and current income by investing in high-quality securities, primarily US dollar denominated or hedged back to the US dollar
- invest for the short term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Counterparty risk
- Credit risk
- Interest Rate Securities risk
- Market risk
- Single Country risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN U.S. EQUITY FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's primary investment objective is capital appreciation.

Investment Policy
The Fund's investment strategy is to invest principally in US equity securities, including common and preferred stocks, or securities convertible into common stocks, as well as American Depository Receipts and American Depository Shares (of companies based outside the US) that are listed on the major US stock exchanges. The Investment Manager employs an active, bottom-up fundamental research process to search for individual securities believed to possess superior risk-return characteristics, taking into account both future growth potential and valuation considerations. The Fund generally seeks to maintain a portfolio consisting of securities of approximately 20-50 companies. This strategy is applied in a diversified manner, enabling the Investment Manager to search in all areas of the US stock market, including any market capitalisation size, sector and industry. The Fund may also, from time to time, invest up to 10% of its net assets in equity securities of companies based outside the US that are not listed on the major US stock exchanges. On an ancillary basis, the Fund may employ hedging techniques and hold cash reserves from time to time.

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

- capital appreciation through a blend style investment in a diversified US equity fund
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Concentration risk
- Convertible Securities risk
- Counterparty risk
- Equity risk
- Liquidity risk
- Market risk
- Single Country risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.
Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN U.S. FOCUS FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's primary investment objective is capital appreciation.

Investment Policy
The Fund's investment strategy is to primarily invest in a diversified portfolio composed of equity securities of large-capitalisation companies, which are companies similar in size to those in the S&P 500 Index, including common and preferred stocks, which (i) have their registered office in the United States and/or (ii) have their principal business activities in the United States and/or (iii) are holding companies holding principally participations in companies incorporated in the United States. The Fund retains the flexibility to also invest

in securities convertible into common stocks, equity securities of non-US large capitalisation companies as well as American Depository Receipts and American Depository Shares that are listed on the major US stock exchanges. The Fund generally seeks to maintain a portfolio consisting of securities of approximately 30-40 companies. The Investment Manager employs an active, bottom-up fundamental research process to search for individual securities believed to possess superior risk-return characteristics, taking into account both future growth potential and valuation considerations. This strategy is applied in a diversified manner, enabling the Investment Manager to search in all areas of the US stock market, including any sector and industry. The Investment Manager applies a long-term perspective through market and business cycles. In order to hedge against market or currency risk and/or for efficient portfolio management, the Fund may enter into derivative transactions, such as forwards and futures contracts, options on such contracts or credit default swaps.

In addition, the Fund may seek investment opportunities in other types of transferable securities, including debt and fixed income securities, and money market instruments.

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

- capital appreciation by investing in a diversified portfolio of US equity securities of large capitalisation companies
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Concentration risk
- Convertible Securities risk
- Counterparty risk
- Derivative Instruments risk
- Equity risk
- Liquidity risk
- Market risk
- Single Country risk
- Swap Agreements risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN U.S. GOVERNMENT FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is income and safety of principal.

Investment Policy
The Fund seeks to achieve its objective primarily through a policy of investing in debt obligations issued or guaranteed by the US government and its agencies, including purchasing mortgage- and asset-backed securities.

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

- a degree of safety of initial investment as well as income by investing in debt securities of the US government and its agencies
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Counterparty risk
- Credit risk (US government guaranteed)
- Interest Rate Securities risk

- Liquidity risk
- Market risk
- Mortgage- and Asset-Backed Securities risk
- Prepayment risk
- Single Country risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN U.S. LOW DURATION FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to provide as high a level of current income as is consistent with prudent investing, while seeking preservation of shareholders' capital.

Investment Policy
The Fund uses a wide range of investments to efficiently manage its portfolio and to help reduce investment costs and manage portfolio risks. These investments with a targeted average duration of less than three (3) years primarily include various transferable securities such as government and corporate debt securities and convertible debt securities as well as fixed and adjustable-rate mortgage-backed debt securities (including commercial mortgage-backed securities and collateralised mortgage obligations) and asset-backed debt securities. The Fund may participate in mortgage dollar roll transactions. The Fund can invest in financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may include, inter alia, forwards and futures contracts, options on such contracts, including those on government securities, index-based financial derivatives and swaps such as interest rate swaps, fixed income related total return swaps, credit default swaps as well as single-name credit default swaps, either dealt on regulated markets or over-the-counter.

The Fund primarily invests in US issuers but may invest up to 25% of its net assets (without taking into account ancillary liquid assets) in non-US issuers and up to 20% of its net assets in non-US dollar exposure. The Fund may also invest up to 20% of its net assets in low-rated or non-investment grade debt securities.

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

- high level of income consistent with capital preservation by investing in fixed income securities from US issuers with a duration of less than 3 years
- invest for the medium term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Collateralised Debt Obligations risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Derivative Instruments risk
- Interest Rate Securities risk
- Liquidity risk
- Market risk
- Mortgage- and Asset-Backed Securities risk
- Mortgage Dollar Roll risk
- Prepayment risk
- Single Country risk
- Swap Agreements risk

Global Exposure
The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is Barclays US Government/Credit 1-3Y Index.

The Expected Level of Leverage for the Fund should amount to 45%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN U.S. OPPORTUNITIES FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is capital appreciation.

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, solid management and sound financial records are factors the Investment Manager also considers. 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).

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

- capital appreciation by investing in equity securities (concentrated in equities of US issuers)
- a growth investment in sectors showing above-average growth or growth potential as compared with the overall economy
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Equity risk
- Growth Stocks risk
- Liquidity risk
- Market risk
- Single Country risk
- Smaller and Midsize Companies risk
- Warrants risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN U.S. SMALL-MID CAP GROWTH FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund principally invests its net assets in equity securities of US small and medium-capitalisation companies. 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. For this Fund, small-cap companies are companies within the market capitalisation range of companies in the Russell 2500™ Index, at the time of purchase, and mid-cap companies are companies within the market capitalisation range of companies in the Russell Midcap® Index, at the time of purchase. In addition, the Fund may invest in equity securities of larger companies.

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

- capital appreciation by investing in US small- and mid-cap growth companies
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Counterparty risk
- Equity risk
- Growth Stocks risk
- Liquidity risk
- Market risk
- Single Country risk
- Smaller and Midsize Companies risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN U.S. TOTAL RETURN FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's principal investment objective is to provide high current income, consistent with preservation of capital. Its secondary objective is capital appreciation over the long term.

Investment Policy
The Fund uses a wide range of investments to efficiently manage the portfolio of investments to help reduce investment costs and manage portfolio risks. These investments primarily include various transferable securities such as government, corporate and mortgage-backed as well as asset-backed debt securities (including collateralised debt obligations) and convertible securities. The Fund may participate in mortgage dollar roll transactions. The Fund may also use various financial derivative instruments for hedging, efficient portfolio management and/or investment purposes including inter alia, forwards and futures contracts, options on such contracts, including those on government securities, index-based financial derivatives and swaps such as interest rate swaps, fixed income related total return swaps, credit default swaps as well as single name credit default swaps, either dealt on regulated markets or over-the-counter.

The Fund primarily invests in US issuers but may invest up to 25% of its net assets (without taking into account ancillary liquid assets) in non-US issuers and up to 20% of its net assets in non-US dollar exposure. Up to 20% of its net assets may also be invested in low-rated or non-investment grade debt securities and up to 10% of its net assets in units of UCITS and other UCIs.

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

- high level of income and capital preservation, and to a lesser extent, capital growth by investing in fixed income securities of the US government or corporate issuers
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Collateralised Debt Obligations risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Derivative Instruments risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Mortgage- and Asset-Backed Securities risk
- Mortgage Dollar Roll risk
- Prepayment risk
- Single Country risk
- Swap Agreements risk

Global Exposure
The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is the Barclays Capital US Aggregate Index (100%).

The Expected Level of Leverage for the Fund should amount to 60%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

FRANKLIN WORLD PERSPECTIVES FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund’s investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its objective by investing in equity and equity-related transferable securities (including equity-linked notes, such as participatory notes) across the world. The Investment Manager and the Investment Co-Managers, located in various countries around the globe, develop local portfolios of securities with the intention to outperform the relevant market of each region. The Fund’s exposure to various regions and markets may vary from time to time according to the Investment Manager’s opinion as to the prevailing conditions and prospects for these markets. The Fund may also invest in financial derivative instruments for hedging purposes and/or efficient portfolio management, which may include, inter alia, swaps such as credit default swaps, forwards, futures contracts, as well as options on such contracts either dealt on regulated markets or over-the-counter.

In choosing equity investments, the Investment Manager focuses on the market price of a company’s securities relative to its evaluation of the company’s long-term earnings, asset value and cash flow potential.

The Fund invests in equity securities in developed, Emerging and Frontier Markets across the entire market capitalisation spectrum, and in companies listed on the stock markets in regions/countries that may include but are not limited to Africa, Australia, North America: United States, Canada; Latin America: Brazil; Europe; Asia: Japan, Korea, China, India; and the Middle East, with the benefit of local knowledge and growth-oriented investment style. The Frontier Markets countries are smaller, less developed and less accessible Emerging Markets countries, but with "investable" equity markets and include those defined as Frontier Markets by the International Finance Corporation as well as included in Frontier Markets related indices, for example Bahrain, Bulgaria, Kazakhstan, Nigeria, Pakistan, Vietnam, etc. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs.

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

- capital appreciation by investing in securities across sectors or market capitalisation ranges capable of outperforming the markets through economic cycles in all "investible" markets globally
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Chinese Market risk
- Counterparty risk
- Derivative Instruments risk
- Emerging Markets risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Frontier Markets risk
- Growth Stocks risk
- Liquidity risk
- Market risk
- Multi-Manager risk
- Non-Regulated Markets risk
- Participatory Notes risk
- Shanghai-Hong Kong Stock Connect risk
- Smaller and Midsize Companies risk
- Swap Agreements risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

The Fund aims to achieve its investment objectives through the careful selection of two or more investment co-managers (the "Investment Co-Managers") by the Investment Manager (Franklin Advisers, Inc.). Such Investment Co-Managers may or may not be part of Franklin Templeton Investments. The Investment Manager may also take part in managing the assets of the Fund in addition to selecting and allocating to Investment Co-Managers.

The Investment Manager will be responsible for the selection and appointment of two or more Investment Co-Managers in respect of the Fund to delegate all or part of the day-to-day conduct of its investment management responsibilities and investment advisory services in respect of some or all of the assets of the Fund. The Investment Manager shall allocate the assets of the Fund between the Investment Co-Managers in such proportions as it shall, at its discretion, determine suitable to achieve the Fund's objective.

The Investment Manager will monitor the performance of the Investment Co-Managers in respect of the Fund in order to assess the need, if any, to make changes/replacements. The Investment Manager may appoint or replace Investment Co-Managers in respect of the Fund at any time in accordance with any applicable regulations or notice periods.

The Investment Manager is responsible for the selection of the Investment Co-Managers, the monitoring of the performance of the Investment Co-Managers and the monitoring of the risk management framework implemented at the level of each Investment Co-Manager. The Investment Co-Managers may be replaced without prior notice to the Shareholders. The list of the Investment Co-Managers having acted for the Fund during the period under review is disclosed in the semi-annual and annual reports of the Company. The list of Investment Co-Managers effectively managing the Fund shall be made available upon request and free of charge at the registered office of the Company.

The Investment Co-Managers may seek advice from other investment advisory companies affiliated to Franklin Templeton Investments. The Investment Co-Managers will be remunerated by the Investment Manager out of the investment management fee received from the Management Company.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON AFRICA FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's principal investment objective is to provide long-term capital appreciation.

Investment Policy
The Fund invests principally in equity and equity-related transferable securities of companies across the market capitalisation spectrum which are (i) incorporated or listed in African countries and/or (ii) listed or incorporated elsewhere in the world but which have their principal business activities in Africa.

The African countries include but are not limited to the following countries: Botswana, the Democratic Republic of the Congo, Egypt, Gabon, Ghana, Kenya, Lesotho, Malawi, Mauritius, Morocco, Mozambique, Namibia, Nigeria, Rwanda, Senegal, South Africa, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe and the member states of the West African Economic and Monetary Union (WAEMU).

Due to liquidity constraints and/or regulatory or technical characteristics, some of the stock exchanges and/or markets located in some of the African countries referred to above may not qualify as markets which are regulated, operate regularly, are recognised and are open to the public, as referred to in paragraph 1.a) (iii) of Appendix B "Investment Restrictions". Investments in securities listed or dealt in on such markets are limited to 10% of the Fund's net assets (together with any other investments of the Fund that fall under paragraph 1.b) of aforesaid Appendix B). Beyond such limit and in general fashion, equity exposure can be achieved indirectly through depository receipts and other participation rights that meet the conditions of paragraph 1.a) of aforesaid Appendix B.

Since the investment objective is more likely to be achieved through an investment policy which is flexible and adaptable, the Fund may also invest in participatory notes and other types of transferable securities, including equity, equity-related and fixed income securities of issuers worldwide as well as in financial derivative instruments for hedging and/or efficient portfolio management. These financial derivative instruments may include, inter alia, forwards and financial futures contracts, or options on such contracts, equity-linked notes either dealt on regulated markets or over-the-counter.

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

- capital appreciation by investing in equity securities of issuers located in African countries
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- African Markets risk
- Class Hedging risk
- Counterparty risk
- Credit risk
- Derivative Instruments risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Frontier Markets risk
- Liquidity risk
- Market risk
- Non-Regulated Markets risk
- Participatory Notes risk
- Regional Market risk
- Structured Notes risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Asset Management Ltd.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON ASEAN FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to provide long-term capital appreciation.

Investment Policy
The Fund seeks to achieve its objective by investing principally in transferable equity and equity-related securities of companies of any market capitalisation which are (i) incorporated or listed in countries which are member states of the Association of Southeast Asian Nations (the "ASEAN region"), and/or (ii) listed or incorporated elsewhere in the world but which have their principal business activities in the ASEAN region. The ASEAN region includes but is not limited to the following countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam.

The Fund applies the traditional Templeton investment method. The stock selection approach is bottom-up, long-term value-oriented with strong emphasis on diligence and discipline.

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

- capital appreciation by investing in equity securities of companies located in member states of the ASEAN
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Counterparty risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Regional Market risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Asset Management Ltd.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON ASIAN BOND FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's principal investment objective is to maximise, consistent with prudent investment management, total investment return consisting of a combination of interest income, capital appreciation and currency gains.

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/or 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. The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and/or 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 options. 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 or structured products where the security is linked to or derives its value from another security or is linked to assets or currencies of any Asian country. 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 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 distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- total investment return consisting of interest income, capital appreciation and currency gains by investing in debt securities of issuers located throughout Asia
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Mortgage- and Asset-Backed Securities risk
- Regional Market risk
- Sovereign Debt risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure
The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is the HSBC Asian Local Bond Index (ALBI) (100%).

The Expected Level of Leverage for the Fund should amount to 40%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON ASIAN DIVIDEND FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to provide a combination of current income and long-term capital appreciation.

Investment Policy
The Fund seeks to achieve its investment objective by investing principally in equity securities of companies across the market capitalisation spectrum which are (i) incorporated or listed in the Asia region, and/or (ii) listed or incorporated elsewhere in the world but have their

principal business activities in the Asia region. The Asia Region includes, but is not limited to, the following countries: Bangladesh, Cambodia, Hong Kong, India, Indonesia, Korea, Malaysia, mainland China, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam.

The Fund applies the traditional Templeton investment method but seeks to generate a higher income yield by emphasising stocks which the Investment Manager believes offer attractive dividend yields at the time of purchase and/or the prospect for attractive dividend yields in the future. The stock selection approach is bottom-up, long-term value-oriented with strong emphasis on diligence and discipline.

The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and/or 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 total return swaps on equity securities), forwards and cross forwards, futures contracts (including those on government securities), as well as options. Use of financial derivative instruments may result in negative returns in a specific yield curve/duration, currency or credit since, among other things, the price of financial derivative instruments are dependent on the price of their underlying instruments and these prices may go up or down.

In addition, since the investment objective is more likely to be achieved through an investment policy which is flexible and adaptable, the Fund may also, on an ancillary basis, invest in participatory notes, other types of transferable securities, including equity and fixed income securities of issuers worldwide (investment grade, non-investment grade and unrated) and other instruments (including convertible securities, money market instruments and liquid assets) that are consistent with the investment objective of the Fund.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- current income and capital appreciation by investing in securities of companies in Asia, including Emerging Markets
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Chinese Market risk
- Class Hedging risk
- Counterparty risk
- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Frontier Markets risk
- Liquidity risk
- Market risk
- Regional Market risk
- Shanghai-Hong Kong Stock Connect risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Asset Management Ltd.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON ASIAN GROWTH FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is long-term capital appreciation.

Investment Policy
The Fund applies the traditional Templeton investment method. The stock selection approach is bottom-up, long-term value-oriented with strong emphasis on diligence and discipline. The Fund seeks to achieve its objective through investing primarily in equity securities listed in Asia.

The Fund may also invest in equity securities, which are listed on recognised exchanges in capital markets of the Asia Region (excluding Australia, New Zealand and Japan). The Asia Region includes but is not limited to the following countries: Hong Kong, India, Indonesia, Korea, Malaysia, mainland China, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan and Thailand. Under normal market conditions, the Fund invests primarily in common stocks.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of transferable securities, including fixed income securities.

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

- capital appreciation by investing in securities of companies in Asia, including Emerging Markets
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Chinese Market risk
- Class Hedging risk
- Counterparty risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Frontier Markets risk
- Liquidity risk
- Market risk
- Regional Market risk
- Shanghai-Hong Kong Stock Connect risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Asset Management Ltd.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON ASIAN SMALLER COMPANIES FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's principal investment objective is to provide long-term capital appreciation.

Investment Policy
The Fund invests primarily in transferable equity securities as well as depository receipts of small-cap companies (i) which are incorporated in the Asia region, and/or (ii) which have their principal business activities in the Asia region. The Asia Region includes but is not limited to the following countries: Bangladesh, Cambodia, Hong Kong, India, Indonesia, Korea, Malaysia, mainland China, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam. Furthermore, for the purpose of the Fund’s investment objective, Asian small-cap companies are those having a market capitalisation at the time of initial purchase within the range of the market capitalisations of companies included in the MSCI AC Asia ex-Japan Small Cap Index (Index). Once a security qualifies for initial purchase, it continues to qualify for additional purchases as long as it is held by the Fund; however, if the maximum market capitalisations of companies allowed by the Index falls below USD 2 billion, the security will only qualify for additional purchases if its market capitalisation does not exceed USD 2 billion.

In addition, since the investment objective is more likely to be achieved through an investment policy which is flexible and adaptable, the Fund may also invest in participatory notes and other types of transferable securities, including equity and fixed income securities of issuers worldwide.

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

- capital appreciation by investing in equity securities of small-cap companies located in the Asia region
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Chinese Market risk
- Counterparty risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Frontier Markets risk
- Liquidity risk
- Market risk
- Participatory Notes risk
- Regional Market risk
- Shanghai-Hong Kong Stock Connect risk
- Smaller and Midsize Companies risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Asset Management Ltd.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON BRIC FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund invests primarily in equity securities of companies (i) organised under the laws of or with their principal office in Brazil, Russia, India and China (including Hong-Kong and Taiwan) ("BRIC") or (ii) which derive the principal portion of their revenues or profits from BRIC economies or have the principal portion of their assets in BRIC economies.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of transferable securities, including debt and fixed income securities and in money market instruments.

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

- capital appreciation by investing in securities of companies in Brazil, Russia, India and China, including Hong Kong and Taiwan
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Chinese Market risk
- Class Hedging risk
- Counterparty risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Non-Regulated Markets risk
- Regional Market risk
- Russian and Eastern European Markets risk
- Shanghai-Hong Kong Stock Connect risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Asset Management Ltd.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON CHINA FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its objective through a policy of investing primarily in equity securities of companies (i) organised under the laws of or with their principal offices in mainland China, Hong Kong or Taiwan or (ii) which derive the principal portion of their revenue from goods or services sold or produced, or have the principal portion of their assets in China, Hong Kong or Taiwan.

The Fund may also invest in equity securities of companies (i) for which the principal market for the trading of securities is China, Hong Kong or Taiwan or (ii) that are linked to assets or currencies in China, Hong Kong or Taiwan.

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 such as preferred stock, securities convertible into common stock, and corporate and government debt obligations which are US dollar and non-US dollar denominated.

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

- capital appreciation by investing in equity securities of China
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- China QFII risk
- Chinese Market risk
- Convertible Securities risk
- Counterparty risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Shanghai-Hong Kong Stock Connect risk
- Single Country risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Asset Management Ltd.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON EASTERN EUROPE FUND

Asset Class
Equity Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its objective by investing primarily in listed equity securities of issuers organised under the laws of, or with their principal activities within, the countries of Eastern Europe, as well as the New Independent States, e.g. the countries in Europe and Asia that were formerly part of or under the influence of the Soviet Union in the past (the "Region").

The Fund may also invest in securities issued by the governments of the above-mentioned countries and privatisation certificates of companies located, or with their principal activities, within the Region. Eastern Europe includes the following countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, the Czech Republic, Greece, Hungary, the Former Yugoslav Republic of Macedonia, Malta, Montenegro, Poland, Romania, Russia, Serbia, the Slovak Republic, Slovenia, and Turkey. The New Independent States that were formerly part of the Soviet Union, apart from Russia itself, include: Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. The Investment Manager anticipates that the Fund invests primarily in companies (i) of which, if listed, the principal equity securities market is in the Region; or (ii) that derive at least 50% of their revenues or profits from goods produced or sold, investments made, or services performed, in the Region; or (iii) that have at least 50% of their assets situated in the Region. The Fund primarily invests in equity securities of publicly traded companies. Preference is given to the countries with functioning stock markets where foreign investment is permitted and appropriate custodial arrangements exist.

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

- capital appreciation by investing in the Eastern European region, including Emerging Markets
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Counterparty risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Frontier Markets risk
- Liquidity risk
- Market risk
- Non-Regulated Markets risk
- Regional Market risk
- Russian and Eastern European Markets risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Asset Management Ltd.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON EMERGING MARKETS BALANCED FUND

Asset Class
Balanced Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to maximise, consistent with prudent investment management, a combination of capital appreciation and interest income.

Investment Policy
The Fund seeks to achieve its objective by investing principally in a diversified portfolio of equity securities, fixed and floating-rate debt securities, including low-rated and non-investment grade debt securities, and debt obligations issued by government, government-related issuers and corporate entities which are located, incorporated or have their principal business activities in developing or Emerging Market countries. Such countries include but are not limited to Brazil, Chile, Colombia, Mexico, Peru, Czech Republic, Egypt, Hungary, Morocco, Poland, Russia, South Africa, Turkey, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan and Thailand.

The Fund will typically invest at least 25% of its net assets in Emerging Market equity securities and at least 25% of its net assets in Emerging Market debt securities but the proportion of its net assets allocated to each may vary over time depending on the Investment Managers' view of the relative attractiveness of each asset class.

The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. Financial derivative instruments may be used for the purposes of obtaining greater liquidity, locking in higher yields, or to implement currency and interest rate views to obtain economic exposure as an alternative to transacting in the physical markets. The Fund does not intend to invest extensively in financial derivative instruments. 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 options. 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 or structured products (such as P-notes or equity-linked notes) where the security is linked to or derives its value from another security or is linked to assets or currencies of any developing or Emerging Market country. 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 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 and up to 10% of its net assets in securities in default.

The Fund may also invest in securities issued by government, government-related issuers or corporate entities located outside of developing or Emerging Market countries but which derive a significant proportion of their revenues or profits from, have a significant portion of their assets in or are impacted by economic/financial dynamics in developing or Emerging Market countries.

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

- maximise a combination of capital appreciation and interest income by investing in Emerging Markets
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Chinese Market risk
- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Mortgage- and Asset-Backed Securities risk
- Non-Regulated Markets risk
- Participatory Notes risk
- Shanghai-Hong Kong Stock Connect risk
- Sovereign Debt risk
- Structured Notes risk

- Swap Agreements risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc. and Templeton Asset Management Ltd.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON EMERGING MARKETS BOND FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to maximise, consistent with prudent investment management, total investment return, consisting of a combination of interest income, capital appreciation and currency gains.

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 may also utilise financial derivative instruments for hedging, efficient portfolio management and/or 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 options. 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 or structured products where the security is linked to or derives its value from another security or is linked to assets or currencies of any developing or Emerging Market country. 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 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 distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- potentially above-average levels of income, capital appreciation and currency gains by investing in Emerging Markets fixed income securities
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk

- Market risk
- Mortgage- and Asset-Backed Securities risk
- Non-Regulated Markets risk
- Sovereign Debt risk
- Structured Notes risk
- Swap Agreements risk
- Warrants risk

Global Exposure
The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is a blended benchmark consisting of the J.P. Morgan Emerging Markets Bond Index Global (EMBIG) (50%) and the J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) (50%).

The Expected Level of Leverage for the Fund should amount to 70%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON EMERGING MARKETS FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its objective through a policy of investing primarily in equity securities, and as an ancillary matter in debt obligations, issued by corporations incorporated or having their principal business activities in, and governments of, developing or emerging nations.

The Fund may also invest in those companies, which derive a significant proportion of their revenues or profits from emerging economies or have a significant portion of their assets in emerging economies. The Fund may also invest in equity and debt securities of issuers that are linked to assets or currencies of emerging nations. The Fund invests primarily in common stocks.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of securities, such as preferred stock, participatory notes, securities convertible into common stock, and corporate and government debt obligations.

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

- capital appreciation by investing in Emerging Markets
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Chinese Market risk
- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Frontier Markets risk
- Liquidity risk
- Market risk
- Non-Regulated Markets risk
- Participatory Notes risk
- Russian and Eastern European Markets risk

- Shanghai-Hong Kong Stock Connect risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Asset Management Ltd.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON EMERGING MARKETS SMALLER COMPANIES FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is long-term capital appreciation.

Investment Policy
The Fund seeks to achieve its objective through a policy of investing primarily in equity securities as well as depository receipts of (i) small-cap companies registered in the Emerging Markets, (ii) small-cap companies which perform a substantial part of their business in Emerging Markets, and (iii) small-cap holding companies which hold a substantial part of their participations in companies referred to in (i). For the purpose of the Fund's investment objective, Emerging Market small-cap companies are normally those having a market capitalisation at the time of initial purchase within the range of the market capitalisations of companies included in the MSCI Emerging Markets Small Cap Index (Index). Once a security qualifies for initial purchase, it continues to qualify for additional purchases as long as it is held by the Fund; however, if the maximum market capitalisations of companies allowed by the Index falls below USD 2 billion, the security will only qualify for additional purchases if its market capitalisation does not exceed USD 2 billion.

On an ancillary basis, the Fund may also invest in participatory notes, in debt securities of Emerging Market countries, which may be low-rated or unrated, and in transferable securities of issuers located in the developed countries.

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

- capital appreciation by investing in Emerging Markets small-cap securities
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Chinese Market risk
- Counterparty risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Frontier Markets risk
- Liquidity risk
- Market risk
- Participatory Notes risk
- Shanghai-Hong Kong Stock Connect risk
- Smaller and Midsize Companies risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Asset Management Ltd.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON EUROLAND FUND

Asset Class
Equity Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund’s investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its objective primarily through a policy of investing in equity and debt obligations of any issuer in a member country of the European Monetary Union, including corporations and governments, whether denominated in euro or relevant national currency, and in stock or debt obligations denominated in euro of any other issuer.

To ensure eligibility for the French *Plan d’Epargne en Actions* (PEA), the Fund invests at least 75% of its net assets in equity securities issued by companies which have their head office in the European Union.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of transferable securities, such as preferred stock and securities convertible into common stock of any such issuers as described above.

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

- capital appreciation by investing in undervalued equity securities issued by the member countries of the European Monetary Union
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Convertible Securities risk
- Counterparty risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Regional Market risk
- Securities Lending risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Global Advisors Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON EUROPEAN FUND

Asset Class
Equity Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its objective through a policy of investing in equity and debt obligations issued by European corporations and governments. The Fund invests primarily in common stocks.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of securities, such as preferred stock, securities convertible into common stock, and fixed income securities, including debt obligations issued by European governments.

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

- capital appreciation by investing in undervalued securities of any European country
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Convertible Securities risk
- Counterparty risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Regional Market risk
- Securities Lending risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Global Advisors Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON FRONTIER MARKETS FUND[4]

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's principal investment objective is to provide long-term capital appreciation.

Investment Policy
The Fund invests principally in transferable equity securities of companies (i) incorporated in the Frontier Markets countries, and/or (ii) which have their principal business activities in Frontier Market countries across the market capitalisation spectrum. The Frontier Market countries are smaller, less developed and less accessible Emerging Market countries, but with "investable" equity markets and include those defined as Frontier Markets by the International Finance Corporation as well as included in Frontier Markets-related indices (including but not limited to: MSCI Frontier Markets Index, Merrill Lynch Frontier Index, S&P Frontier Broad Market Index), for example Bahrain, Bulgaria, Egypt, Kazakhstan, Nigeria, Pakistan, Qatar, Vietnam, etc.

Since the investment objective is more likely to be achieved through an investment policy which is flexible and adaptable, the Fund may also invest in participatory notes and other types of transferable securities, including equity, equity-related and fixed income securities of issuers worldwide as well as in financial derivative instruments for hedging purposes and/or efficient portfolio management. These financial derivative instruments may include, inter alia, forwards and financial futures contracts, or options on such contracts, equity-linked notes either dealt on regulated markets or over-the-counter.

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

- capital appreciation by investing in equity securities of companies located in countries defined as Frontier Markets
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Counterparty risk
- Derivative Instruments risk

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[4] This Fund is currently closed to subscriptions received from new investors until further decision of the Board of Directors.

- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Frontier Markets risk
- Liquidity risk
- Market risk
- Participatory Notes risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Asset Management Ltd.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL (EURO) FUND

Asset Class
Equity Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its objective through a policy of investing in equity securities of companies throughout the world. The Fund invests primarily in common stocks.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of securities, such as preferred stock, securities convertible into common stock, and fixed income securities, which are euro and non-euro denominated.

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.

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

- capital appreciation by investing in undervalued securities in a well-diversified global equity fund with the euro as its base currency
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Chinese Market risk
- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Emerging Markets risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Securities Lending risk
- Shanghai-Hong Kong Stock Connect risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Investment Management Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL BALANCED FUND

Asset Class
Balanced Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to seek capital appreciation and current income, consistent with prudent investment management.

Investment Policy
The Fund seeks to achieve its objective by investing principally in equity securities and government debt securities issued by entities throughout the world, including Emerging Markets.

The Investment Manager anticipates that the majority of the Fund's portfolio is normally invested in equity or equity-linked securities, including debt or preferred stock convertible or exchangeable into equity securities, selected principally on the basis of their capital growth potential. The Fund seeks income by investing in fixed or floating-rate debt securities and debt obligations issued by government and government-related issuers or corporate entities worldwide. 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 may purchase equities, fixed income securities and debt obligations. Notwithstanding the foregoing, at no time will the Investment Manager invest more than 40% of the Fund's net assets into fixed income securities.

The Fund may also utilise financial derivative instruments for hedging purposes and/or efficient portfolio management. These financial derivative instruments may be dealt on either (i) regulated markets, such as futures contracts (including those on government securities), as well as options or (ii) over-the-counter such as currency, exchange rate, and interest rate related swaps and forwards.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- capital appreciation and a level of income by accessing a portfolio of both equity and fixed income securities via a single fund
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Eurozone risk
- Equity risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Market risk
- Securities Lending risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Investment Management Limited and Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL BOND (EURO) FUND

Asset Class
Fixed Income Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund's principal investment objective is to maximise, consistent with prudent investment management, total investment return consisting of a combination of interest income, capital appreciation and currency gains.

Investment Policy
The Fund seeks to achieve its objective by investing principally in a portfolio of fixed or floating-rate debt securities (including non-investment grade securities) and debt obligations issued by government or government-related issuers worldwide. The Fund may also, in accordance with the investment restrictions, invest in debt securities (including non-investment grade securities) of corporate issuers. 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 may also utilise financial derivative instruments for hedging, efficient portfolio management and/or 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 options. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit. The Fund may also invest in securities or structured products where the security is linked to or derives its value from another security or is linked to assets or currencies of any country. The Fund may hold up to 10% of its net assets in securities in default. The Fund may purchase fixed income securities and debt obligations denominated in any currency and may hold equity securities to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation. The non-euro component of the portfolio may be hedged into euro.

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 denominated in euro.

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

- maximise total investment return consisting of a combination of interest income, capital appreciation and currency gains
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Sovereign Debt risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL BOND FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's principal investment objective is to maximise, consistent with prudent investment management, total investment return consisting of a combination of interest income, capital appreciation and currency gains.

Investment Policy
The Fund seeks to achieve its objective by investing principally in a portfolio of fixed or floating-rate debt securities (including non-investment grade securities) and debt obligations issued by government or government-related issuers worldwide. The Fund may also, in accordance with the investment restrictions, invest in debt securities (including non-investment grade securities) of corporate issuers. 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 may also utilise financial derivative instruments for hedging, efficient portfolio management and/or 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 options. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit. The Fund may also invest in securities or structured products where the security is linked to or derives its value from another security or is linked to assets or currencies of any country. The Fund may hold up to 10% of its net assets in securities in default. The Fund may purchase fixed income securities and debt obligations denominated in any currency, and 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 distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- maximise total investment return consisting of a combination of interest income, capital appreciation and currency gains
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Sovereign Debt risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure
The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is a blended benchmark consisting of the J.P. Morgan Government Bond Index Broad (JGBI Broad) (50%), the J.P. Morgan Emerging Markets Bond Index Global (EMBIG) (25%) and the J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) (25%).

The Expected Level of Leverage for the Fund should amount to 110%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL EQUITY INCOME FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to provide a combination of current income and long-term capital appreciation.

Investment Policy
Under normal market conditions the Fund invests in a diversified portfolio of equity securities worldwide. The Fund seeks income by investing in stocks the Investment Manager believes offers attractive dividend yields. The Investment Manager seeks capital appreciation by searching for undervalued or out-of-favour securities offering current income and/or opportunities for future capital appreciation. Capital appreciation is sought by investing in equity securities of companies from a variety of industries and located anywhere in the world, including Emerging Markets.

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 transferable securities such as debt and fixed income securities.

The Fund may further utilise financial derivative instruments for hedging and/or efficient portfolio management. 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 total return swaps on equity indices), forwards and cross forwards, futures contracts (including those on government securities), as well as options (including covered calls). The Fund may also purchase participatory notes, equity-linked notes or other structured products where the security is linked to or derives its value from another security or is linked to assets or currencies of any country.

The Investment Manager may take a 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.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- capital appreciation and current income from their equity investments
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Counterparty risk
- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Participatory Notes risk
- Securities Lending risk
- Structured Notes risk
- Swap Agreements risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Franklin Templeton Investment Management Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its objective through a policy of investing in equity securities of companies throughout the world, including Emerging Markets. The Fund invests principally in common stocks.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of securities, such as preferred stock, securities convertible into common stock, and fixed income securities, which are US dollar and non-US dollar denominated.

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

- capital appreciation by investing in undervalued securities in a well-diversified global equity fund
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Convertible Securities risk
- Counterparty risk
- Emerging Markets risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Securities Lending risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Global Advisors Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL HIGH YIELD FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's principal investment objective is to earn a high level of current income. As a secondary objective, the Fund seeks capital appreciation, but only when consistent with its principal objective.

Investment Policy
The Fund invests principally in debt securities (including non-investment grade securities) of issuers globally, including those in Emerging Markets. For the purpose of this Fund, debt securities shall include all varieties of fixed and floating-rate income securities (including bank loans through regulated investment funds subject to the limits indicated below), bonds, mortgage- and other asset-backed securities (including collateralised debt obligations) and convertible securities. The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and/or 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 options. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit. In addition, the Fund may invest in equity securities, credit-linked securities and money-market instruments and may seek exposure to floating-rate loans through regulated investment funds. The Fund may invest up to 10% of its net assets in units of UCITS and other UCIs and up to 10% of its net assets in securities in default.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- high level of income and prospects of capital appreciation by accessing a portfolio of high-yield debt securities from issuers worldwide
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Collateralised Debt Obligations risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Mortgage- and Asset-Backed Securities risk
- Restructuring Companies risk
- Sovereign Debt risk
- Swap Agreements risk

Global Exposure
The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is a blended benchmark consisting of the J.P. Morgan Global High Yield Index (50%), the J.P. Morgan Emerging Markets Bond Index Global (EMBIG) (25%) and the J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) (25%).

The Expected Level of Leverage for the Fund should amount to 20%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL INCOME FUND

Asset Class
Balanced Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is to maximise current income while maintaining prospects for capital appreciation.

Investment Policy
Under normal market conditions, the Fund invests in a diversified portfolio of debt and equity securities worldwide. The Fund seeks income by investing in a portfolio of fixed and floating-rate debt securities and debt obligations issued by government and government-related issuers or corporate entities worldwide, including in Emerging Markets, as well as stocks the Investment Manager believes offer attractive dividend yields. 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 may invest in investment-grade and non-investment grade debt securities issued by US and non-US issuers including securities in default. The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and/or 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 options. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit. The Fund may invest up to 10% of its net assets in units of UCITS and other UCIs. The Fund may invest in fixed or floating-rate debt securities either directly or through regulated investment funds (subject to the limits indicated above). The Investment Manager may take a 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.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- a combination of current income and capital appreciation by accessing a portfolio of both equity and fixed income securities via a single fund
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Chinese Market risk
- Counterparty risk
- Credit risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Shanghai-Hong Kong Stock Connect risk
- Sovereign Debt risk
- Swap Agreements risk
- Value Stocks risk

Global Exposure
The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is a blended benchmark consisting of the MSCI All Country World Index (50%), the Barclays Capital Multiverse Index (25%), the Barclays Capital Global High-Yield Index (12.5%), the J.P. Morgan Emerging Markets Bond Index Global (EMBIG) (6.25%) and the J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) (6.25%).

The Expected Level of Leverage for the Fund should amount to 30%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Advisers, Inc. and Templeton Global Advisors Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL SMALLER COMPANIES FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its objective through a policy of investing in equity and debt obligations of smaller companies throughout the world, including Emerging Markets. The Fund invests principally in common stocks of such companies.

Debt securities represent obligations of an issuer to repay loans where repayment terms of principal and interest are clearly specified, along with the lender's rights, in the loan agreement. These securities include bonds, notes and debentures.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in companies with larger market capitalisations, as well as in other types of securities, such as preferred stock, securities convertible into common stock and fixed income securities, which are US dollar and non-US dollar denominated.

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

- long-term capital appreciation by investing in undervalued equity securities of small-cap companies located around the world
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Chinese Market risk
- Convertible Securities risk
- Counterparty risk
- Emerging Markets risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Shanghai-Hong Kong Stock Connect risk
- Smaller and Midsize Companies risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Investment Counsel, LLC

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON GLOBAL TOTAL RETURN FUND

Asset Class
Fixed Income Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's principal investment objective is to maximise, consistent with prudent investment management, total investment return consisting of a combination of interest income, capital appreciation, and currency gains.

Investment Policy
The Fund seeks to achieve its objective by investing principally in a portfolio of fixed and/or floating-rate debt securities and debt obligations (including investment grade and non-investment grade securities) issued by government and government-related issuers or corporate entities worldwide. 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 may also utilise financial derivative instruments for hedging, efficient portfolio management and/or 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 options. 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 or structured products where the security is linked to or derives its value from another security or is linked to assets or currencies of any country. The Fund may also purchase mortgage- and asset-backed securities and convertible bonds. The Fund may hold up to 10% of its net assets in securities in default. The Fund may purchase fixed income securities and debt obligations denominated in any currency and 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 invest up to 10% of its net assets in units of UCITS and other UCIs. The Fund may also participate in mortgage dollar roll transactions.

The Fund may use futures contracts on US Treasury securities to help manage risks relating to interest rates and other market factors, to increase liquidity, and to quickly and efficiently cause new cash to be invested in the securities markets or, if cash is needed to meet shareholder redemption requests, to remove Fund's assets from exposure to the market. On an ancillary basis, the Fund may gain exposure to debt market indexes by investing in index-based financial derivatives and credit default swaps.

The Fund may distribute income gross of expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital.

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

- maximise total investment return consisting of a combination of interest income, capital appreciation and currency gains
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Credit risk
- Credit-Linked Securities risk
- Defaulted Debt Securities risk
- Derivative Instruments risk
- Dividend Policy risk
- Emerging Markets risk
- Eurozone risk
- Foreign Currency risk
- Interest Rate Securities risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market risk
- Mortgage- and Asset-Backed Securities risk
- Mortgage Dollar Roll risk
- Sovereign Debt risk
- Structured Notes risk
- Swap Agreements risk

Global Exposure
The Value-at-Risk approach (relative VaR) is used to calculate the Global Exposure of the Fund.

The relative VaR reference benchmark is a blended benchmark consisting of the Barclays Capital Multiverse Index (50%),the Barclays Capital Global High-Yield Index (25%), the J.P. Morgan Emerging Markets Bond Index Global (EMBIG) (12.5%) and the J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) (12.5%).

The Expected Level of Leverage for the Fund should amount to 100%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

Investment Manager(s)
Franklin Advisers, Inc.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON GROWTH (EURO) FUND

Asset Class
Equity Fund

Base Currency
Euro (EUR)

Investment Objectives
The Fund’s investment objective is capital appreciation.

Investment Policy
The Fund invests principally in equity securities including common stocks and preferred stocks of companies located anywhere in the world, including Emerging Markets.

Equity securities generally entitle the holder to participate in a company’s general operating results. The Fund also invests in American, European, and Global Depository Receipts. These are certificates issued typically by a bank or a trust company that give their holders the right to receive securities issued by a foreign or domestic company. Depositary Receipts do not eliminate currency and economic risks for underlying shares of a company operating in another country.

Depending upon current market conditions, the Fund may also invest up to 25% of its net assets in debt securities of companies and governments located anywhere in the world. Debt securities represent an obligation of the issuer to repay a loan of money to it and generally provide for the payment of interest. These include bonds, notes (including equity-linked notes) and debentures.

In choosing equity investments, the Investment Manager focuses on the market price of a company's securities relative to its evaluation of the company's long-term earnings, asset value and cash flow potential, as well as on other measures that the Investment Manager deems appropriate to determine a company's value.

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 is made in euro.

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

- capital appreciation by investing in undervalued securities in a well-diversified global equity fund with the euro as its base currency
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- China QFII risk
- Chinese Market risk
- Counterparty risk
- Emerging Markets risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Securities Lending risk
- Shanghai-Hong Kong Stock Connect risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Global Advisors Limited

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON KOREA FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its objective through a policy of investing primarily in equity securities issued by Korean-incorporated companies or companies having their principal business activities in Korea.

The Fund may also invest in equity securities of issuers having assets, earnings or profits in Korea. The Fund invests in equities and other securities, including securities issued by the Korean government and, to a lesser extent, warrants of issuers on the Korean stock market.

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

- capital appreciation by investing in equity securities of Korea
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Counterparty risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Single Country risk
- Value Stocks risk
- Warrants risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Asset Management Ltd.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON LATIN AMERICA FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its objective, under normal market conditions, through a policy of investing primarily in equity securities and as an ancillary matter in debt securities of issuers incorporated or having their principal business activities in the Latin American region. The Latin American region includes, but is not limited to, the following countries: Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, French Guyana, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Surinam, Trinidad/Tobago, Uruguay and Venezuela. The balance of the Fund's net assets may be invested in equity securities and debt obligations of companies and government entities of countries other than those named above.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of securities, such as preferred stock, securities convertible into common stock and fixed income securities which are denominated in currencies other than Latin American currencies such as US dollar or euro.

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

- capital appreciation by investing in equity securities in Latin America, including Emerging Markets
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Class Hedging risk
- Convertible Securities risk
- Counterparty risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Frontier Markets risk
- Liquidity risk
- Market risk
- Regional Market risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Asset Management Ltd.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

TEMPLETON THAILAND FUND

Asset Class
Equity Fund

Base Currency
US dollar (USD)

Investment Objectives
The Fund's investment objective is capital appreciation.

Investment Policy
The Fund seeks to achieve its objective through a policy of investing primarily in equity securities of issuers incorporated in Thailand or issuers having their principal business activities in Thailand.

The Fund may also invest in equity securities of issuers having their assets, earnings or profits in Thailand. The Fund invests in equities and other securities, including securities issued by the Thailand government and, to a lesser extent, warrants of issuers on the Thailand stock market.

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

- capital appreciation by investing in equity securities of Thailand
- invest for the medium to long term

Risk Considerations
The risks listed below are the main risks of the Fund. Investors should be aware that other risks may also be relevant to this Fund from time to time. Please refer to the Section "Risk Considerations" for a full description of these risks.

- Counterparty risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Single Country risk
- Value Stocks risk
- Warrants risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager(s)
Templeton Asset Management Ltd.

Fees Disclosures
Please refer to Appendix E for a full description of the fees.

RISK CONSIDERATIONS

Investors must read this "Risk Considerations" section before investing in any of the Funds.

The value of the Shares will increase as the value of the securities owned by any Fund increases and will decrease as the value of the Fund's investments decreases. In this way, Investors participate in any change in the value of the securities owned by the relevant Fund(s). In addition to the factors that affect the value of any particular security that a Fund owns, the value of the Fund's Shares may also change with movements in the stock and bond markets as a whole.

A Fund may own securities of different types, or from different asset classes (equities, bonds, money market instruments, financial derivative instruments) depending on the Fund's investment objective.

Different investments have different types of investment risk. The Funds also have different kinds of risks, depending on the securities they hold. This "Risk Considerations" section contains explanations of the various types of investment risks that may be applicable to the Funds. Please refer to the section "Fund Information, Objectives and Investment Policies" of this Prospectus for details as to the principal risks applicable to each Fund. Investors should be aware that other risks may also be relevant to the Funds from time to time.

General
This section explains some of the risks that apply to all the Funds. It does not purport to be a complete explanation and other risks may also be relevant from time to time. In particular, the Company's performance may be affected by changes in market and/or economic and political conditions, and in legal, regulatory and tax requirements. No guarantee or representation is made that the investment program will

be successful and there can be no assurance that the Fund(s)' investment objective(s) will be attained. Also, past performance is no guide to future performance, and the value of investments may go down as well as up. Changes in rates of exchange between currencies may cause the value of a Fund's investments to diminish or increase.

The Company or any of its Funds may be exposed to risks that are outside of their control – for example legal and regulatory risks from investments in countries with unclear and changing laws or the lack of established or effective avenues for legal redress or as a result of the registration of the Funds in non-EU jurisdictions, the Funds may be subject, without any notice to the shareholders in the Funds concerned, to more restrictive regulatory regimes potentially preventing the Funds from making the fullest possible use of the investment limits. Regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future regulatory action on the Company could be substantial and adverse. The Funds may be exposed to the risk of terrorist actions, to the risk that economic and diplomatic sanctions may be in place or imposed on certain States and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity. Investors are reminded that in certain circumstances their right to redeem Shares may be suspended as further described in Appendix D.

The Company or any of its Funds may be exposed to operational risks, being the risk that operational processes, including those related to the safekeeping of assets, valuation and transaction processing may fail, resulting in losses. Potential causes of failure may arise from human errors, physical and electronic system failures and other business execution risks as well as external events.

African Markets risk
Investments in Emerging Market countries involve risks as set out in the section "Emerging Markets risk" below. Investments in African Markets, or in companies that earn significant revenues or have major operations in Africa, involve risks similar to investments in Emerging Markets but to a greater extent, since African Markets are generally smaller, less developed and less accessible than most Emerging Markets. African Markets have had a tendency to experience greater political, social and economic instability, and may have less transparency, less ethical practices and weaker corporate governance compared to Emerging Markets. Shares traded on African Markets may be highly volatile, suffer from a lack of liquidity and transparency and have a higher financial risk. Many African Markets are also more dependent on extractive industries or agriculture, which can be impacted by volatility in the prices for the commodities being extracted or cultivated.

Asset Allocation risk
Some Funds apply an actively managed asset allocation approach. Such Funds could experience losses if the Investment Manager's and/or Investment Co-Managers' judgment about markets, future volatility, interest rates, industries, sectors and regions or the attractiveness, relative values, liquidity, effectiveness or potential appreciation of particular investments made for a Fund's portfolio prove to be incorrect. The Investment Manager's allocation of a Fund's assets among different asset classes, Investment Co-Managers, underlying funds and direct investments may not prove beneficial in light of subsequent market events. There can be no guarantee that these techniques or the Investment Manager's and/or Investment Co-Managers' investment decisions will produce the desired results. Additionally, legislative, regulatory, or tax developments may affect the investment techniques available to the Investment Manager and Investment Co-Managers in connection with managing the Fund and may also adversely affect the ability of the Fund to achieve its investment goals.

The Investment Manager and/or Investment Co-Managers may use modeling systems to implement their investment strategies for a Fund. There is no assurance that the modeling systems are complete or accurate, or representative of future market cycles, nor will they necessarily be beneficial to the Fund even if they are accurate. The results generated by these models may perform differently than in the past, or as expected. They may negatively affect Fund performance and the ability of a Fund to meet its investment goal for various reasons. For example, human judgment plays a role in building, using, testing, and modifying the financial algorithms and formulas used in these models. Additionally, there is a possibility that the historical data may be imprecise or become stale due to new events or changing circumstances which the models may not promptly detect. Market performance can be affected by non-quantitative factors (for example, market or trading system dysfunctions, investor fear or over-reaction or other emotional considerations) that are not easily integrated into the Investment Manager's or Investment Co-Managers' risk models. There may also be technical issues with the construction and implementation of quantitative models (for example, software or other technology malfunctions, or programming inaccuracies).

Biotechnology, Communication and Technology Sectors risk
Investment in the biotechnology, communication and technology sectors may present a greater risk and a higher volatility than investment in a broader range of securities covering different economic sectors. In addition, these sectors may be subject to greater government regulation than other sectors and, as a result, changes to such government regulation may have a material adverse effect on these sectors. Such investments may therefore drop sharply in value in response to market, regulatory or research setbacks in addition to possible adverse effects from the competition of new market entrants, patent considerations and product obsolescence. Particularly within technology, short product cycles and diminishing profit margins are additional factors to consider when investing.

Capital Growth risk
Certain Funds may make distributions from capital as well as from income and net realised and net unrealised capital gains. In addition certain Funds may pursue investment strategies in order to generate income. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital and the potential for long-term capital growth as well as increasing any capital losses. This may occur for example:

- if the securities markets in which the Fund invests were sufficiently declining so that the Fund has incurred net capital losses;
- if dividends are paid gross of fees and expenses this will mean fees and expenses are paid out of net realised and net unrealised capital gains or initially subscribed capital. As a result payment of dividends on this basis may reduce capital growth or reduce the capital of the Fund. See also "Taxation of the Company" below.

China QFII risk
The Company may invest in qualified foreign institutional investor (QFII) portfolios authorised by the China Securities Regulatory Commission of mainland China to invest in the securities market of mainland China (China A-Shares). The laws, regulations, including measures allowing QFIIs to invest in China A-Shares, government policies and political and economic climate in China may change with little or no advance notice. Any such change could adversely affect market conditions and the performance of the Chinese economy and, thus, the value of securities in the QFII's portfolio.

A QFII portfolio bears the risk of being not redeemable during a determined lock up period or being less redeemable where the redemption of the China A-Shares may depend, inter alia, on the mainland China laws and practice affecting said portfolio's ability to liquidate investments and to remit the proceeds thereof out of mainland China. The repatriation restrictions, and any failure or delay in obtaining relevant approvals from Chinese authorities could restrict the relevant portfolio's ability to satisfy all or any redemption requests in respect of any particular redemption date.

Investors in a Fund investing in QFII's portfolio and China A-Shares should in particular be informed that the liquidity of securities issued by such QFII and the ability for the Fund to redeem its positions or exposure to such QFII portfolio may be substantially limited.

Chinese Market risk
Risks associated with the Chinese Market are similar to the "Emerging Markets risk" described below. With the government having a greater control over allocation of resources, the risks that naturally prevail in this type of market is political and legal uncertainty, currency fluctuations and blockage, no government support on reform or nationalisation and expropriation of assets. Such risks can have a negative impact on the performance of the relevant Fund.

The Chinese market is undergoing economic reform, these reforms of decentralisation are unprecedented or experimental and subject to modification which may not always have a positive outcome on the performance of the economy and then the value of securities in the relevant Fund.

The Chinese economy is also export driven and highly reliant on trade. Adverse changes in the economic conditions of its primary trading partners such as the US, Japan and South Korea would adversely impact the Chinese economy and the relevant Fund investments.

Chinese Short Swing Profit Rule risk
Under the mainland China's regulations on disclosure of interest, a Fund may be deemed to be acting in concert with other funds and accounts managed by the Management Company and/or Investment Manager or their respective affiliates and therefore may be subject to the risk that the Fund's holdings may be required to be reported in the aggregate with the holdings of such other funds and accounts should the aggregate holdings trigger the reporting threshold under the mainland China law, which is currently 5% of the total issued shares of a listed company. This may expose the Fund's holdings to the public and may potentially have an adverse impact on the performance of the Fund.

In addition, subject to the interpretation of mainland China courts and mainland China regulators, the operation of the mainland China short swing profit rule may be applicable to a Fund's investments with the result that where the holdings of the Fund (possibly with the holdings of other investors deemed as concert parties of the Fund) exceed 5% of the total issued shares of a mainland Chinalisted company, the Fund may not reduce its holdings in such company within six months of the last purchase of shares of such company. If the Fund violates the rule and sells any of its holdings in such company in the six-month period, it may be required by the listed company to return any profits realised from such trading to the listed company. Moreover, under mainland China civil procedures, the Fund's assets may be frozen to the extent of the claims made by such company. The inability to sell such assets and any obligation to return profits may adversely affect the performance of the Fund.

Class Hedging risk
The Company may engage in currency hedging transactions with regard to a certain Share Class (the "Hedged Share Class"). Hedged Share Classes are designed (i) to reduce exchange rate fluctuations between the currency of the Hedged Share Class and the base currency of the Fund or (ii) to reduce exchange rate fluctuations between the currency of the Hedged Share Class and other material currencies within the Fund's portfolio.

The hedging will be undertaken to reduce exchange rate fluctuations in case the base currency of the Fund or other material currencies within the Fund (the "reference currency(ies)") is(are) declining or increasing in value relative to the hedged currency. The hedging strategy employed will seek to reduce as far as possible the exposure of the Hedged Share Classes so that the performance of the Hedged Share Classes closely tracks the performance of the Share Classes in base currency. No assurance can be given that the hedging objective will be achieved. In the case of a net flow to or from a Hedged Share Class the hedging may not be adjusted and reflected in the Net Asset Value of the Hedged Share Class until the following or a subsequent Business Day following the Valuation Day on which the instruction was accepted.

This risk for holders of any Hedged Share Class may be mitigated by using any of the efficient portfolio management techniques and instruments (including currency options and forward currency exchange contracts, currency futures, written call options and purchased put options on currencies and currency swaps), within the conditions and limits imposed by the Luxembourg financial supervisory authority.

Investors should be aware that the hedging strategy may substantially limit Investors of the relevant Hedged Share Class from benefiting from any potential increase in value of the Share Class expressed in the reference currency(ies), if the Hedged Share Class currency falls against the reference currency(ies). Additionally, Investors of the Hedged Share Class may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains/losses on and the associated transactions costs of the relevant financial instruments used to implement the hedging strategy. The gains/losses on and the transactions costs of the relevant financial instruments will accrue solely to the relevant Hedged Share Class.

Any financial instruments used to implement such hedging strategies with respect to one or more Classes of a Fund shall be assets and/or liabilities of such Fund as a whole, but will be attributable to the relevant Class(es) and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class. However, due to the lack of segregated liabilities between Classes of the same Fund, costs which are principally attributed to a specific Class may be ultimately charged to the Fund as a whole. Any currency exposure of a Class may not be combined with or offset against that of any other Class of a Fund. The currency exposure of the assets attributable to a Class may not be allocated to other Classes. No intentional leveraging should result from currency hedging transactions of a Class although hedging may exceed 100% for short periods (i) between redemption instructions and execution of the hedge trade and (ii) between market value decreases of assets being hedged and the execution of the hedge adjustment. More details as to the rules governing allocation of assets and liabilities at a Class level are contained in Appendix D.

Collateralised Debt Obligations risk
Some funds may invest in particular types of asset-backed security known as Collataralised Debt Obligation (CDOs) or (if loans are the underlying asset) Collateralised Loan Obligations (CLOs). The risks of an investment in a CDO or CLO depend largely on the type of collateral held by the special purpose entity (SPE) and the tranche of the CDO or CLO in which a Fund invests. In a typical CDO or CLO structure, there are multiple tranches with varying degrees of seniority, with the most senior tranche getting first access to the interest and principal payments from the pool of underlying assets, the next most senior getting second access, and so on down the line until the residual (or equity tranche) which has the last call on the interest and principal. The lower the priority of the tranche is, the greater the risk. Investment risk may also be affected by the performance of the collateral manager (the entity responsible for selecting and managing the pool of collateral securities held by the SPE trust), especially during a period of market volatility. CDOs or CLOs may be deemed to be illiquid securities and subject to a Fund's restrictions on investments in illiquid securities. A Fund's investment in CDOs or CLOs will not receive the same investor protection as an investment in registered securities. As a result of these factors, prices of CDO or CLO tranches can decline considerably.

In addition to the normal risks associated with debt securities and asset backed securities (e.g., interest rate risk, credit risk and default risk), CDOs and CLOs carry additional risks including, but not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or quality or go into default or be downgraded; (iii) a Fund may invest in tranches of a CDO or CLO that are subordinate to other classes; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer, difficulty in valuing the security or unexpected investment results.

Commodities Related Exposure risk
A Fund's exposure to investments in commodities related instruments presents unique risks. Investing in commodities related instruments, including trading in commodities indices and financial derivative instruments related to commodities, is speculative and can be extremely volatile. Market prices of commodities may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships (whether actual, perceived, anticipated, unanticipated or unrealised); weather; agriculture; trade; domestic and foreign political and economic events and policies; diseases; pestilence; technological developments; and monetary and other governmental policies, action and inaction. The current or "spot" prices of physical commodities may also affect, in a volatile and inconsistent manner, the prices of futures contracts in respect of the relevant commodity. Certain commodities are used primarily in one industry, and fluctuations in levels of activity in (or the availability of alternative resources to) one industry may have a disproportionate effect on global demand for a particular commodity. Moreover, recent growth in industrial production and gross domestic product has made some developing countries oversized users of commodities and has increased the extent to which certain commodities prices are influenced by those markets.

Concentration risk
Some Funds may have an investment policy which specifically states an intention to maintain a portfolio with holdings in a relatively limited number of issuers (for example, the securities of 30 to 40 companies) even as the Fund increases in size, for the purpose of keeping the Fund concentrated in fewer issuers than the Fund might normally hold as part of a more highly diversified strategy. It should be noted that some Funds may have holdings in a relatively limited number of issuers by virtue of being relatively small in size, so the smaller number of holdings is simply a result of the Funds not having sufficiently large net asset values to invest efficiently in more issuers – bonds in particular tend to trade in relatively large lot sizes that makes it difficult for small bond funds to have a large number of holdings. Funds that by policy seek to maintain a smaller number of holdings, however, will remain less diversified even as they grow in size. By being less diversified, such Funds may be more volatile than broadly diversified Funds, or may be exposed to greater risk since under performance of one or a few positions will have a greater impact in a less diversified Fund where there are fewer positions so each position will tend to be a larger percentage of total net assets. The relevant Funds may be adversely affected as a result of such greater volatility or risk.

Convertible Securities risk
A convertible security is generally a debt obligation, preferred stock or other security that pays interest or dividends and may be converted by the holder within a specified period of time into common stock. The value of convertible securities may rise and fall with the market value of the underlying stock or, like a debt security, vary with changes in interest rates and the credit quality of the issuer. A convertible security tends to perform more like a stock when the underlying stock price is high relative to the conversion price (because more of the security's value resides in the option to convert) and more like a debt security when the underlying stock price is low relative to the conversion price (because the option to convert is less valuable). Because its value can be influenced by many different factors, a convertible security is not as sensitive to interest rate changes as a similar non-convertible debt security, and generally has less potential for gain or loss than the underlying stock.

Some convertible securities are issued as so-called contingent convertible bonds (or "coco" bonds), where the conversion of the bond into equity occurs at stated conversion rate if a pre-specified trigger event occurs. This type of convertible became popular following the 2008-2009 financial crisis as a way of triggering conversion of debt to equity in the event of deteriorating financial condition to avoid bankruptcy. As such, issuers of such bonds may tend to be those that are vulnerable to weakness in the financial markets. Because conversion occurs after a specified event, conversion may occur when the share price of the underlying equity is less than when the bond was issued or purchased, resulting in greater potential compared to conventional convertible securities for capital loss.

In addition to the Liquidity risk detailed below, investment in contingent convertible bonds may also entail the following risks (non-exhaustive list):

Call extension risk: some contingent convertible bonds are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority.
Capital structure inversion risk: contrary to classical capital hierarchy, contingent convertible bonds' investors may suffer a loss of capital when equity holders do not.
Conversion risk: it might be difficult for the Investment Manager and/or the Investment co-Managers of the relevant Fund to assess how the securities will behave upon conversion. In case of conversion into equity, the Investment Manager and/or the Investment co-Managers might be forced to sell these new equity shares since the investment policy of the relevant Fund does not allow equity in its portfolio. This forced sale may itself lead to liquidity issue for these shares.
Coupon cancellation: for some contingent convertible bonds, coupon payments are entirely discretionary and may be cancelled by the issuer at any point, for any reason and for any length of time.
Industry concentration risk: investment in contingent convertible bonds may lead to an increased industry concentration risk as such securities are issued by a limited number of banks.
Trigger level risk: trigger levels differ and determine exposure to conversion risk depending on the distance of the capital ratio to the trigger level. It might be difficult for the Investment Manager and/or the Investment co-Managers of the relevant Fund to anticipate the triggering events that would require the debt to convert into equity.
Unknown risk: the structure of contingent convertible bonds is innovative yet untested.
Valuation and Write-down risks: the value of contingent convertible bonds may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets. Therefore, a Fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.

Counterparty risk
Counterparty risk is the risk to each party of a contract that the counterparty will fail to perform its contractual obligations and/or to respect its commitments under the term of such contract, whether due to insolvency, bankruptcy or other cause.

When over-the-counter (OTC) or other bilateral contracts are entered into (inter alia OTC derivatives, repurchase agreements, security lending, etc.), the Company may find itself exposed to risks arising from the solvency of its counterparties and from their inability to respect the conditions of these contracts.

Credit risk
Credit risk, a fundamental risk relating to all fixed income securities as well as money market instruments, is the chance that an issuer will fail to make principal and interest payments when due. Issuers with higher credit risk typically offer higher yields for this added risk. Conversely, issuers with lower credit risk typically offer lower yields. Generally, government securities are considered to be the safest in terms of credit risk, while corporate debt, especially those with poorer credit ratings, have the highest credit risk. Changes in the financial condition of an issuer, changes in economic and political conditions in general, or changes in economic and political conditions specific to an issuer (particularly a sovereign or supranational issuer), are all factors that may have an adverse impact on an issuer's credit quality and security values. Related to credit risk is the risk of downgrade by a rating agency. Rating agencies such as Standard & Poor's, Moody's and Fitch, among others, provide ratings for a wide array of fixed income securities (corporate, sovereign, or supranational) which are based on their creditworthiness. The agencies may change their ratings from time to time due to financial, economic, political, or other factors, which, if the change represents a downgrade, can adversely impact the value of the affected securities.

Credit-Linked Securities risk
Credit-linked securities are debt securities that represent an interest in a pool of, or are otherwise collateralised by one or more corporate debt obligations or credit default swaps incorporating debt or bank loan obligations. Such debt obligations may represent the obligations of one or more corporate issuers. A Fund that invests in credit-linked securities has the right to receive periodic interest payments from the issuer of the credit-linked security (usually the seller of the underlying credit default swap(s)) at an agreed-upon interest rate, and a return of principal at the maturity date.

A Fund that invests in credit-linked securities bears the risk of loss of its principal investment, and the periodic interest payments expected to be received for the duration of its investment in the credit-linked security, in the event that one or more of the debt obligations underlying the credit default swaps go into default or otherwise become non-performing. Upon the occurrence of such a credit event (including bankruptcy, failure to timely pay interest or principal, or a restructuring), the Fund affected will generally reduce the principal balance of the related credit-linked security by the Fund's pro rata interest in the par amount of the defaulted underlying debt obligation in exchange for the actual value of the defaulted underlying obligation or the defaulted underlying obligation itself, resulting in a loss of a portion of the Fund's investment. Thereafter, interest on the credit-linked security will accrue on a smaller principal balance and a smaller principal balance will be returned at maturity. To the extent a credit-linked security represents an interest in underlying obligations of a single corporate or other issuer, a credit event with respect to such issuer presents greater risk of loss to a Fund than if the credit-linked security represented an interest in underlying obligations of multiple issuers.

In addition, the Fund bears the risk that the issuer of the credit-linked security will default or become bankrupt. In such an event, the Fund may have difficulty being repaid, or fail to be repaid, the principal amount of its investment and the remaining periodic interest payments thereon.

An investment in credit-linked securities also involves reliance on the counterparty to the credit default swap entered into with the issuer of the credit-linked security to make periodic payments to the issuer under the terms of the swap. Any delay or cessation in the making of such payments may be expected in certain instances to result in delays or reductions in payments to the Fund as an investor in such credit-linked securities. Additionally, credit-linked securities are typically structured as limited recourse obligations of the issuer of such securities such that the securities issued will usually be obligations solely of the issuer and will not be obligations or responsibilities of any other person.

Most credit-linked securities are structured as US Rule 144A securities so that they may be freely traded among institutional buyers. A Fund will generally only purchase credit-linked securities, which are determined to be liquid in the opinion of the Investment Manager and/or the Investment Co-Managers. However, the market for credit-linked securities may suddenly become illiquid. The other parties to the transaction may be the only investors with sufficient understanding of the derivative to be interested in bidding for it. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for credit-linked securities. In certain cases, a market price for a credit-linked security may not be available or may not be reliable, and the Fund could experience difficulty in selling such security at a price the Investment Manager and/or the Investment Co-Managers believes is fair.

The value of a credit-linked security will typically increase or decrease with any change in value of the underlying debt obligations, if any, held by the issuer and the credit default swap. Further, in cases where the credit-linked security is structured such that the payments to a Fund are based on amounts received in respect of, or the value of performance of, any underlying debt obligations specified in the terms of the relevant credit default swap, fluctuations in the value of such obligation may affect the value of the credit-linked security.

Defaulted Debt Securities risk

Some Funds may invest in debt securities on which the issuer is not currently making interest payments (defaulted debt securities). These Funds may buy defaulted debt securities if, in the opinion of the Investment Manager and/or the Investment Co-Managers, it appears likely that the issuer may resume interest payments or other advantageous developments appear likely in the near future. These securities may become illiquid.

The risk of loss due to default may also be considerably greater with lower-quality securities because they are generally unsecured and are often subordinated to other creditors of the issuer. If the issuer of a security in a Fund's portfolio defaults, the Fund may have unrealised losses on the security, which may lower the Fund's Net Asset Value per Share. Defaulted securities tend to lose much of their value before they default. Thus, the Fund's Net Asset Value per Share may be adversely affected before an issuer defaults. In addition, the Fund may incur additional expenses if it must try to recover principal or interest payments on a defaulted security.

Included among the issuers of debt securities or obligations in which the Company may invest are entities organised and operated solely for the purpose of restructuring the investment characteristics of various securities or obligations. These entities may be organised by investment banking firms, which receive fees in connection with establishing each entity and arranging for the placement of its securities.

Derivative Instruments risk

The performance of derivative instruments depends largely on the performance of an underlying currency, security, index or other reference asset, and such instruments often have risks similar to the underlying instrument, in addition to other risks. A Fund may use options, futures, options on futures, and forward contracts on currencies, securities, indices, interest rates or other reference assets for hedging, efficient portfolio management and/or investment purposes. Derivative instruments involve costs and can create economic leverage in the Fund’s portfolio which may result in significant volatility and cause the Fund to participate in losses (as well as gains) in an amount that significantly exceeds the Fund’s initial investment. In the case of futures transactions, the amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the Fund. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

Transactions in options may also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the Fund is fixed, the Fund may sustain a loss well in excess of that amount. The Fund will also be exposed to the risk of the purchaser exercising the option and the Fund will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the Fund holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced. The risk of loss to a Fund for a swap transaction on a net basis depends on which party is obliged to pay the net amount to the other party. If the counterparty is obliged to pay the net amount to the Fund, the risk of loss to the Fund is the loss of the entire amount that the Fund is entitled to receive; if the Fund is obliged to pay the net amount, the Fund’s risk of loss is limited to the net amount due (please also refer to "Swap Agreements risk").

Certain derivatives have the potential for a high degree of leverage regardless of the size of the initial investment. The use of leverage may cause a Fund to liquidate portfolio positions to satisfy its obligations or to meet asset segregation requirements when it may not be advantageous to do so. Other risks include illiquidity, mispricing or improper valuation of the derivative instrument, and imperfect correlation between the value of the derivative and the underlying instrument so that a Fund may not realise the intended benefits. Their successful use will usually depend on the Investment Manager’s and/or Investment Co-Managers’ ability to accurately forecast movements in the market relating to the underlying instrument. Should a market or markets, or prices of particular classes of investments move in an unexpected manner, especially in unusual or extreme market conditions, a Fund may not achieve the anticipated benefits of the transaction, and it may realise losses, which could be significant. If the Investment Manager or Investment Co-Manager is not successful in using such derivative instruments, a Fund’s performance may be worse than if the Investment Manager or Investment Co-Manager did not use such derivative instruments at all. To the extent that a Fund uses such instruments for hedging purposes, there is the risk of imperfect correlation between movements in the value of the derivative instrument and the value of the underlying investment or other asset being hedged. There is also the risk, especially under extreme market conditions, that an instrument, which usually would operate as a hedge, provides no hedging benefits at all.

A Fund may engage in transactions involving derivative instruments that trade on exchanges or that may be privately negotiated and trade "over-the-counter" (OTC) and not on an exchange. Exchange-traded derivatives include futures, options, options on futures, and warrants. Examples of OTC derivative instruments include currency forwards, interest rate swaps, credit default swaps, total return swaps or contracts for differences. Use of such OTC instruments could result in a loss if the counterparty to the transaction (with respect to forward currency contracts and other OTC derivatives) does not perform as promised, including because of such counterparty’s bankruptcy or insolvency. This risk may be heightened during volatile market conditions. Collateral is employed for many OTC derivative transactions – it needs to be pledged to the counterparty if a Fund has a net loss on a given transaction and a Fund may hold collateral pledged by the counterparty to the Fund if the Fund has a net gain on a given transaction. The value of the collateral may fluctuate, however, and it may be difficult to sell, so there are no assurances that the value of collateral held will be sufficient to cover the amount owed to a Fund or will not be absorbed by other outstanding obligations of the counterparty. Other risks include the inability to close out a position because the trading market becomes illiquid (particularly in the OTC markets) or the availability of counterparties becomes limited for a period of time. In addition, the presence of speculators in a particular market could lead to price distortions. To the extent that a Fund is unable to close out a position because of market illiquidity, the Fund may not be able to prevent further losses of value in its derivatives holdings and the Fund’s liquidity may be impaired to the extent that it has a substantial portion of its otherwise liquid assets marked as segregated to cover its obligations under such derivative instruments. A Fund may also be required to take or make delivery of an underlying instrument that the Investment

Manager would otherwise have attempted to avoid. Some derivatives can be particularly sensitive to changes in interest rates or other market prices. Investors should bear in mind that, while a Fund may intend to use derivative strategies on a regular basis, it is not obligated to actively engage in these transactions, generally or in any particular kind of derivative, if the Investment Manager and/or Investment Co-Managers elects not to do so due to availability, cost or other factors.

Under recent financial reforms, certain types of derivatives (i.e., certain swaps) are, and others eventually are expected to be, required to be cleared through a central counterparty. Central clearing is designed to reduce counterparty credit risk and increase liquidity compared to OTC swaps, but it does not eliminate those risks completely. With cleared swaps, there is also a risk of loss by a Fund of its initial and variation margin deposits in the event of bankruptcy of the FCM with which the Fund has an open position in a swap contract. If an FCM does not provide accurate reporting, the Fund is also subject to the risk that the FCM could use the Fund's assets to satisfy its own financial obligations or the payment obligations of another customer to the central counterparty. With cleared swaps, a Fund may not be able to obtain as favorable terms as it would be able to negotiate for a bilateral, uncleared swap. In addition, an FCM may unilaterally amend the terms of its agreement with a Fund, which may include the imposition of position limits or additional margin requirements with respect to the Fund's investment in certain types of swaps. Central counterparties and FCMs generally can require termination of existing cleared swap transactions at any time, and can also require increases in margin above the margin that is required at the initiation of the swap agreement.

The regulation of cleared and uncleared swaps, as well as other derivatives, is a rapidly changing area of law and is subject to modification by government and judicial action. In addition, regulators and exchanges in many jurisdictions are authorised to take extraordinary actions in the event of a market emergency, including, for example, the implementation or reduction of speculative position limits, the implementation of higher margin requirements, the establishment of daily price limits and the suspension of trading. It is not possible to predict fully the effects of current or future regulation. New requirements, even if not directly applicable to a Fund, may increase the cost of a Fund's investments and cost of doing business, which could adversely affect investors.

The use of derivative strategies may also have a tax impact on a Fund. The timing and character of income, gains or losses from these strategies could impair the ability of the Investment Manager or Investment Co-Manager to utilise derivatives when it wishes to do so.

Dilution and Swing Pricing risk
The actual cost of purchasing or selling the underlying investments of a Fund may be different from the carrying value of these investments in the Fund's valuation. The difference may arise due to dealing and other costs (such as taxes) and/or any spread between the buying and selling prices of the underlying investments.

These dilution costs can have an adverse effect on the overall value of a Fund and thus the Net Asset Value per Share may be adjusted in order to avoid disadvantaging the value of investments for existing Shareholders. The size of the adjustment impact is determined by factors such as the volume of transactions, the purchase or sale prices of the underlying investments and the valuation method adopted to calculate the value of such underlying investments of the Fund.

Distressed Securities risk
Investment in distressed securities (i.e. which have a Standard & Poor's notation below CCC long-term rating or equivalent) may cause additional risks for a Fund. Such securities are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and principal or maintain other terms of the offer documents over any long period of time. They are generally unsecured and may be subordinated to other outstanding securities and creditors of the issuer. Whilst such issues are likely to have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposure to adverse economic conditions. Therefore, a Fund may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Recovery of interest and principal may involve additional cost for the relevant Fund. Under such circumstances, the returns generated from the relevant Fund's investments may not compensate the shareholders adequately for the risks assumed.

Distribution risk
Distribution of dividends, if any, is not guaranteed. Only shareholders whose names are entered on the relevant record date shall be entitled to the distribution declared in respect of the corresponding quarterly, interim or annual accounting period, as the case may be. The net asset value of the relevant Fund will be reduced by the amount of dividend paid.

Dividend-paying Equity risk
There can be no guarantee that the companies that a Fund invests in and which have historically paid dividends will continue to pay dividends or to pay dividends at the current rates in the future. The reduction or discontinuation of dividend payments may have a negative impact on the value of the Fund's holdings and consequently, the Fund/investors may be adversely impacted.

Dividend Policy risk
A Fund's dividend policy may allow for payment of dividends out of capital. Where this is done, it amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital or payment of dividends effectively out of the Fund's capital (as the case may be) may result in an immediate reduction of the net asset value per share.

Emerging Markets risk
All Fund investments in the securities issued by corporations, governments, and government related entities in different nations and denominated in different currencies involve certain risks. These risks are typically increased in developing countries and Emerging Markets. Such risks, which can have adverse effects on portfolio holdings, may include: (i) investment and repatriation restrictions; (ii) currency fluctuations; (iii) the potential for unusual market volatility as compared to more industrialised nations; (iv) government involvement in the private sector; (v) limited investor information and less stringent investor disclosure requirements; (vi) shallow and substantially smaller liquid securities markets than in more industrialised countries, which means a Fund may at times be unable to sell certain securities at desirable prices; (vii) certain local tax law considerations; (viii) limited regulation of the securities markets; (ix) international and regional political and economic developments; (x) possible imposition of exchange controls or other local governmental laws or restrictions; (xi) the

increased risk of adverse effects from deflation and inflation; (xii) the possibility of limited legal recourse for the Fund; and (xiii) the custodial and/or the settlement systems may not be fully developed.

Investors in Funds investing in Emerging Markets should in particular be informed that the liquidity of securities issued by corporations and public-law entities in Emerging Markets may be substantially smaller than with comparable securities in industrialised countries.

Equity risk
The value of all Funds that invest in equity and equity-related securities fluctuate daily. Prices of equities can be influenced and affected by many micro and macro factors such as economic, political, market, and issuer-specific changes. Such changes may adversely affect the value of the equities which can go up and down, regardless of company-specific performance. Additionally, different industries, financial markets, and securities can react differently to these changes. Such fluctuations of the Fund's value are often exacerbated in the short-term as well. The risk that one or more companies in a Fund's portfolio will fall, or fail to rise, can adversely affect the overall portfolio performance in any given period and Fund investing in equities could incur significant losses.

Eurozone risk
Some Funds may invest in the Eurozone. Mounting sovereign debt burdens (e.g. any sovereigns within the Eurozone, which default on their debts, may be forced to restructure their debts and faced difficulties in obtaining credit or refinancing) and slowing economic growth among European countries, combined with uncertainties in European financial markets, including feared or actual failures in the banking system and the possible break-up of the Eurozone and Euro currency, may adversely affect interest rates and the prices of both fixed income and equity securities across Europe and potentially other markets as well. These events may increase volatility, liquidity and currency risks associated with investments in Europe. The aforesaid economic and financial difficulties in Europe may spread across Europe and as a result, a single or several European countries may exit the Eurozone or a sovereign within the Eurozone may default on its debts. In any event of the break-up of the Eurozone or Euro currency, the relevant Funds may be exposed to additional operational or performance risks.

While the European governments, the European Central Bank, and other authorities are taking measures (e.g. undertaking economic reforms and imposing austerity measures on citizens) to address the current fiscal conditions, these measures may not have the desired effect and therefore the future stability and growth of Europe is uncertain. The performance and value of the relevant Funds may be adversely affected should there be any adverse credit events (e.g. downgrade of the sovereign credit rating or default or bankruptcy of any Eurozone countries).

Floating Rate Corporate Investments risk
The floating rate corporate loans and corporate debt securities in which the Fund invests are often issued in connection with highly leveraged transactions. Such transactions include leveraged buyout loans, leveraged recapitalisation loans, and other types of acquisition financing. Leveraged buyout loans are subject to greater credit risks than other investments including a greater possibility that the borrower may default or enter bankruptcy. Some of these loans may be "covenant lite" loans which do not include terms which allow the lender to control and track the performance of the borrower and declare a default if certain criteria are breached.

Foreign Currency risk
Since the Company values the portfolio holdings of each of its Funds in either US dollar, Japanese yen or euro, changes in currency exchange rates adverse to those currencies may affect the value of such holdings and each respective Fund's yield thereon.

Since the securities, including cash and cash equivalents, held by a Fund may be denominated in currencies different from its base currency, the Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between such reference currency and other currencies. Changes in currency exchange rates may influence the value of a Fund's Shares, and also may affect the value of dividends and interests earned by the Fund and gains and losses realised by said Fund. If the currency in which a security is denominated appreciates against the base currency, the price of the security could increase. Conversely, a decline in the exchange rate of the currency would adversely affect the price of the security.

To the extent that a Fund or any Share Class seeks to use any strategies or instruments to hedge or to protect against currency exchange risk, there is no guarantee that hedging or protection will be achieved. Unless otherwise stated in any Fund's investment policy, there is no requirement that any Fund seeks to hedge or to protect against currency exchange risk in connection with any transaction.

Currency management strategies may substantially change a Fund's exposure to currency exchange rates and could result in losses to the Fund if currencies do not perform as the Investment Manager expects. In addition, currency management strategies, to the extent that they reduce the Fund's exposure to currency risks, may also reduce the Fund's ability to benefit from favorable changes in currency exchange rates. There is no assurance that the Investment Manager's use of currency management strategies will benefit the Fund or that they will be, or can be, used at appropriate times. Furthermore, there may not be perfect correlation between the amount of exposure to a particular currency and the amount of securities in the portfolio denominated in that currency. Investing in foreign currencies for purposes of gaining from projected changes in exchange rates, as opposed to hedging currency risks applicable to the Fund's holdings, further increases the Fund's exposure to foreign investment losses.

Investors should be aware of the fact that the Chinese Renminbi (RMB) is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. Currently, the RMB is traded in two markets: one in Mainland China, and one outside Mainland China (primarily in Hong Kong). The RMB traded in Mainland China is not freely convertible and is subject to exchange controls and certain requirements by the government of Mainland China. The RMB traded outside Mainland China, on the other hand, is freely tradable. Whilst the RMB is traded freely outside Mainland China, the RMB spot, forward foreign exchange contracts and related instruments reflect the structural complexities of this evolving market. Accordingly, Alternative Currency Classes denominated in RMB may be exposed to greater foreign exchange risks.

Frontier Markets risk
Investments in Emerging Market countries involve risks as set out in the section "Emerging Markets risks" above. Investments in Frontier Markets involve risks similar to investments in Emerging Markets but to a greater extent since Frontier Markets are even smaller, less developed, and less accessible than other Emerging Markets. Frontier Markets may also experience greater political and economic instability and may have less transparency, less ethical practices, and weaker corporate governance compared to other Emerging Markets and the

relevant Fund/Investors may be adversely impacted. Such markets are also more likely to have investment and repatriation restrictions, exchange controls and less developed custodial and settlement systems than other Emerging Markets. The countries that comprise Frontier Markets include the lesser developed countries located in Africa, Asia, the Middle East, Eastern Europe and Latin America. As a result, the relevant Fund/Investors may be adversely impacted.

Gold and Precious Metals Sector risk

Some Funds' investments may concentrate in gold and other precious metals (particularly platinum and palladium) operations companies. By concentrating in the industries in a single sector, such Funds carry a much greater risk of adverse developments than a fund that invests in companies from a wide variety of industries. Also, there currently are a limited number of platinum and palladium operations companies, which restricts such Funds ability to diversify their investments in those metals.

The price of gold and precious metals operations companies is strongly affected by the price of gold and other precious metals such as platinum, palladium and silver. These prices may fluctuate substantially over short periods of time, so the Share price may be more volatile than other types of investments.

The price of gold and other precious metals is affected by such factors as: (1) how much of the worldwide supply is held by large holders, such as governmental bodies and central banks; for example, if Russia or another large holder decided to sell some of its gold or other precious metals reserves, the supply would go up, and the price would generally go down; (2) unpredictable monetary policies and economic and political conditions in countries throughout the world; and (3) demand for gold bullion as an investment, including in bar form and underlying assets for exchanged-traded funds.

The price of gold and precious metals operations companies is also affected by (1) environmental, labour, and other costs in mining and production; (2) labour disruptions; (3) operational issues and failures, such as damage to mines as a result of accidents; (4) access to reliable energy supplies; and (5) changes in laws relating to mining, production, or sales. As the Franklin Gold and Precious Metals Fund may invest its net assets in the securities of mining companies, Investors should note that mining operations have varying expected life spans. Securities of mining companies that have mines with a short expected life span may experience greater price volatility than those that have a long expected life span.

In times of significant inflation or great economic uncertainty, traditional investments such as bonds and stocks may not perform well. In such times, gold and other precious metals have historically maintained their value as hard assets, often outperforming traditional investments. However, in times of stable economic growth, traditional equity and debt investments could offer greater appreciation potential and the value of gold and other precious metals may be adversely affected, which could in turn affect the Fund's returns.

Growth Stocks risk

Funds investing in growth stocks can be more volatile and may react differently to economic, political, market, and issuer-specific developments than the overall market. Historically, the prices of growth stocks have been more volatile than other securities, especially, over short term periods of time. Growth stocks may also be more expensive, relative to their earnings, than the market in general. As such, growth stocks can experience greater volatility in reaction to changes in earnings growth.

Hedged Strategies risk

For the Franklin K2 Alternative Strategies Fund, the Investment Manager will be employing a number of Investment Co-Managers to implement various non-traditional or "alternative" strategies, including strategies characterised as "Long Short Equity", "Event Driven", "Global Macro", "Market Neutral" or "Relative Value", that involve 'hedging' or "arbitrage" activities and that are designed to capture value in a non-directional market. These strategies in no respect should be taken to imply, however, that the Fund's investments employed in such strategies will be without risk. Substantial losses may be recognised even on "hedge" or "arbitrage" positions, and illiquidity and default on one side of a position can effectively result in the position not being the "hedge" that was intended, resulting in potential losses for the Fund. These strategies involve exposure to some second order risk of the market, such as the implied volatility in convertible bonds or warrants, the yield spread between similar term government bonds, or the price spread between different classes of stock for the same underlying firm. Further, many "market neutral" Investment Co-Managers may employ limited directional strategies that expose the assets they manage to certain market risks.

Inflation-Indexed Securities risk

Inflation-indexed securities have a tendency to react to changes in real interest rates. Real interest rates represent nominal (stated) interest rates lowered by the anticipated effect of inflation. In general, the price of an inflation-indexed security can decrease when real interest rates increase, and can increase when real interest rates decrease. Interest payments on inflation-indexed securities will fluctuate as the principal and/or interest is adjusted for inflation and can be unpredictable, therefore, the Fund's income distributions may fluctuate more than the income distributions of a typical fixed income fund. There can be no assurance that the Consumer Price Index or any other measure used to adjust the principal amounts of the Fund's debt securities will accurately correspond to the rate of inflation experienced by a particular investor. Any increase in the principal amount of an inflation-protected debt security will be considered taxable ordinary income, even though investors, such as the Fund, do not receive their principal until maturity.

Infrastructure Securities risk

Some Funds focus their investments on securities of infrastructure companies globally, meaning companies that are primarily in the business of infrastructure-related activities, including the design, construction, operation or maintenance of seaports, airports, railways, roadways, pipelines, energy generation facilities (coal, oil, nuclear, hydro or solar powered), electricity transmission, water treatment plants, or related activities to these businesses. Such companies may experience volatility due to challenges such as getting the necessary permits, obtaining environmental clearances, meeting regulatory standards, requirements or guidelines, or being impacted by the level of economic activity, weather, natural disasters, governmental actions, civil disturbances, or acts of terrorism. By virtue of being concentrated in this one sector, the relevant Fund(s) may experience greater volatility compared to funds that follow a more diversified investment policy.

Initial Public Offerings risk

Some Funds may invest in initial public offerings ("IPOs"). IPO risk is the risk that the market values of IPO shares may experience high volatility from factors such as the absence of a prior public market, unseasoned trading, the limited number of shares available for trading and limited information about the issuer. Additionally, a Fund may hold IPO shares for a very short period of time, which may increase a Fund's expenses. Some investments in IPOs may have an immediate and significant impact on a Fund's performance.

Interest Rate Securities risk
All Funds that invest in debt securities or money market instruments are subject to interest rate risk. A fixed income security's value will generally increase in value when interest rates fall and decrease in value when interest rates rise. Interest rate risk is the chance that such movements in interest rates will negatively affect a security's value or, in a Fund's case, its Net Asset Value. Fixed income securities with longer-term maturities tend to be more sensitive to interest rate changes than shorter-term securities. As a result, longer-term securities tend to offer higher yields for this added risk. While changes in interest rates may affect a Fund's interest income, such changes may positively or negatively affect the Net Asset Value of the Fund's Shares on a daily basis.

Variable rate securities (which include floating rate debt securities) generally are less sensitive to interest rate changes than fixed rate debt securities. However, the market value of variable rate debt securities may decline when prevailing interest rates rise if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, variable rate securities will not generally increase in market value if interest rates decline. However, when interest rates fall, there will be a reduction in the payments of interest received by a Fund from its variable rate securities. Floating rate securities may be rated below investment grade (such securities are commonly referred to as "junk bonds"). Limits on the aggregate amount by which a variable rate security's interest rate may increase over its lifetime or during any one adjustment period can prevent the interest rate from ever adjusting to prevailing market rates.

Investment Funds risk
A Fund's performance is directly impacted by the performance of any Investment Funds held by it. The ability of a Fund to achieve its investment goal is directly related to, in part, the ability of the Investment Funds to meet their investment goal.

Investing in other Investment Funds may be more costly to a Fund than if the Fund had invested in the underlying securities directly. Shareholders of the Fund will indirectly bear the fees and expenses (including management and advisory fees and other expenses) of the underlying Investment Funds. As the Fund's allocations among the Investment Funds change from time to time, or to the extent that the expense ratios of the underlying funds change, the expenses borne by the Fund may increase or decrease. In addition, the determination of Net Asset Value of the Shares of any particular Investment Fund held by a Fund may be suspended under certain conditions as indicated in Appendix D ("Suspension of Calculation of Net Asset Value"). In the event this were to happen, it could impede the ability of a Fund to meet a redemption request.

A Fund's investments in Investment Funds may subject the Fund to additional risks than if the Fund would have invested directly in the Investment Funds' underlying securities. These risks include the possibility that an unregistered fund or an ETF may experience a lack of liquidity that can result in greater volatility than its underlying securities. In addition, an ETF may trade at a premium or discount to its net asset value, as shares of an ETF are bought and sold based on exchanges on market values and not at the ETF's net asset value.

Another risk of investing in Investment Funds is the possibility that one Investment Fund may buy the same securities that another Investment Fund sells. If this happens, an investor in the affected Fund would indirectly bear the costs of these transactions without accomplishing the intended investment purpose. Also, the Fund or the Investment Funds may hold common portfolio securities, thereby reducing the diversification benefits to the Fund.

Legal and regulatory risk
The Funds must comply with various legal requirements, including requirements imposed by the securities laws and companies laws in various jurisdictions, including the Grand Duchy of Luxembourg.

The interpretation and application of legislative acts can be often contradictory and this may impact the enforceability of the various agreements and guarantees entered into by the Funds. Legislation could be imposed retrospectively or may be issued in the form of internal regulations not generally available to the public. The interpretation and application of laws and regulations can be often contradictory and uncertain particularly in respect of matters relating to taxation.

Courts may not adhere to the requirements of the law and the relevant contract and it cannot be guaranteed that any recourse or judgment obtained in a foreign court will be enforced in certain jurisdictions where the assets relating to securities held by the Funds are located.

Liquidity risk
Liquidity risk takes two forms: asset side liquidity risk and liability side liquidity risk. Asset side liquidity risk refers to the inability of a Fund to sell a security or position at its quoted price or market value due to such factors as a sudden change in the perceived value or credit worthiness of the position, or due to adverse market conditions generally. Liability side liquidity risk refers to the inability of a Fund to meet a redemption request, due to the inability of the Fund to sell securities or positions in order to raise sufficient cash to meet the redemption request. Markets where the Fund's securities are traded could also experience such adverse conditions as to cause exchanges to suspend trading activities. Reduced liquidity due to these factors may have an adverse impact on the Net Asset Value of the Fund and, as noted, on the ability of the Fund to meet redemption requests in a timely manner.

Certain securities are illiquid due to a limited trading market, financial weakness of the issuer, legal or contractual restrictions on resale or transfer, or that are otherwise illiquid in the sense that they cannot be sold within seven days at approximately the price at which the Fund values them. Securities that are illiquid involve greater risk than securities with more liquid markets. Market quotations for such securities may be volatile and/or subject to large spreads between bid and ask prices. Illiquidity may have an adverse impact on market price and the Fund's ability to sell particular securities when necessary to meet the Fund's liquidity needs or in response to a specific economic event.

Low-Rated or Non-Investment Grade Securities risk
Some Funds may invest in higher-yielding securities rated lower than investment grade. High-yield debt securities (including loans) and unrated securities of similar credit quality ("high-yield debt instruments" or "junk bonds") involve greater risk of a complete loss of the Fund's investment, or delays of interest and principal payments, than higher-quality debt securities. Issuers of high-yield debt instruments are not as strong financially as those issuing securities of higher credit quality. High-yield debt instruments are generally considered

predominantly speculative by the applicable rating agencies as these issuers are more likely to encounter financial difficulties and are more vulnerable to changes in the relevant economy, such as a recession or a sustained period of rising interest rates, that could affect their ability to make interest and principal payments when due. If an issuer stops making interest and/or principal payments, payments on the securities may never resume. These instruments may be worthless and the Fund could lose its entire investment.

The prices of high-yield debt instruments fluctuate more than higher-quality securities. Prices are especially sensitive to developments affecting the issuer's business or operations and to changes in the ratings assigned by rating agencies. In addition, the entire high-yield debt market can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sustained sales by major investors, a high-profile default, or other factors. Prices of corporate high-yield debt instruments often are closely linked with the company's stock prices and typically rise and fall in response to factors that affect stock prices.

High-yield debt instruments are generally less liquid than higher-quality securities. Many of these securities are not registered for sale with relevant regulatory authorities in the local jurisdiction and/or do not trade frequently. When they do trade, their prices may be significantly higher or lower than expected. At times, it may be difficult to sell these securities promptly at an acceptable price, which may limit the Fund's ability to sell securities in response to specific economic events or to meet redemption requests. As a result, high-yield debt instruments generally pose greater illiquidity and valuation risks.

The use of credit ratings in evaluating debt securities can involve certain risks, including the risk that the credit rating may not reflect the issuer's current financial condition or events since the security was last rated by a rating agency. Credit ratings may be influenced by conflicts of interest or based on historical data that no longer apply or are accurate. Recently, legislation and regulations to reform rating agencies have been proposed and may adversely impact the Fund's investments or investment process.

Unrated debt securities determined by the Investment Manager and/or Investment Co-Managers to be of comparable quality to rated securities which the Fund may purchase may pay a higher interest rate than such rated debt securities and be subject to a greater risk of illiquidity or price changes. Less public information is typically available about unrated securities or issuers.

Exposure to the low-rated or high-yield debt may be achieved through synthetic means. For example, the CDX is a credit default swap on a basket of high yield bonds, constituting in effect a high yield bond index. By purchasing such an instrument, the Fund is buying protection (i.e. the ability to get par for the bonds in the event of an unfavourable credit event), allowing the Fund to hedge its exposure or go short the high yield sector. By selling such an instrument short and holding cash against the potential obligation to purchase it, the Fund is selling protection and effectively getting long exposure to the high yield sector more efficiently than purchasing individual bonds. The risks associated with such synthetic instruments are comparable to those of the underlying high yield securities that the instruments are seeking to replicate, in addition to the risk that the synthetic instruments themselves do not perform as intended due to adverse market conditions.

Market risk

The market values of securities owned by a Fund will go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting individual issuers, securities markets generally or particular industries or sectors within the securities markets. The value of a security may go up or down due to general market conditions which are not specifically related to a particular issuer, such as real or perceived adverse economic conditions, changes in the general outlook for revenues or corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also go up or down due to factors that affect an individual issuer or a particular industry or sector, such as changes in production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value. When markets perform well, there can be no assurance that securities held by a Fund will participate in or otherwise benefit from the advance.

Stock prices tend to go up and down more dramatically than those of debt securities. A slower-growth or recessionary economic environment could have an adverse effect on the prices of the various stocks held by the Fund.

Mortgage- and Asset-Backed Securities risk

Some Funds may invest in mortgage- and asset-backed securities. Mortgage-backed securities (sometimes referred as mortgage pass-through securities) are securities that are backed by pools of mortgage loans where the payment of interest and principal from the underlying mortgages are passed through to the holders of the mortgage-backed securities. The underlying mortgages may be single family, multi-family, or commercial mortgages (that latter are frequently called commercial mortgage-backed securities, or CMBS), and may be fixed rate or adjustable rate mortgages (if adjustable, such securities are called Adjustable Rate Mortgage Securities or ARMS). Mortgage-backed securities differ from conventional debt securities in that principal is paid back over the life of the security rather than at maturity, as the underlying mortgages are subject to unscheduled pre-payments of principal before the security's maturity date due to voluntary prepayments, refinancings or foreclosures on the underlying mortgage loans. To the Fund this means a loss of anticipated interest, and a portion of its principal investment represented by any premium the Fund may have paid over par at the time of purchase. Mortgage pre-payments generally increase when interest rates fall.

Mortgage-backed securities also are subject to extension risk. An unexpected rise in interest rates could reduce the rate of pre-payments on mortgage-backed securities and extend their life. This could cause the price of the mortgage-backed securities to be more sensitive to interest rate changes. Issuers of asset-backed securities may have limited ability to enforce the security interest in the underlying assets, and credit enhancements provided to support the securities, if any, may be inadequate to protect investors in the event of default.

Collateralised Mortgage Obligations (CMOs) are securities backed by a pool of mortgage pass-through securities or actual mortgage loans that are structured into various tranches with varying maturities and varying priorities in terms of their access to the principal and interest payments from the underlying assets. Such securities will have, depending on the tranches, varying degrees of pre-payment risk and credit risk, depending on their priority in the capital structure. The shorter, more senior tranches will generally be lower risk than the longer dated, more junior tranches.

Mortgage-backed securities may be offered as interest only (IO) or principal only (PO) strips, where only the interest or the principal of the underlying mortgages in the pool is passed on to the security holders. These types of securities are highly sensitive to the pre-payment experience associated with the underlying mortgages and will behave in opposite ways to the same trend in pre-payments. For IO securities, early pre-payments within the pool will mean less than expected interest payments since the mortgages will have terminated, adversely affecting security holders. For PO securities, early pre-payments within the pool will mean quicker repayment of principal than expected, benefiting security holders. Because of the highly sensitive nature of these securities, the possibility of sharp declines in prices is much greater compared to conventional mortgage-backed securities.

Mortgage- and asset-backed securities may be structured as synthetic securities. For example, the CMBX is a credit default swap on a basket of CMBS bonds, constituting in effect a CMBS index. By purchasing such an instrument, the Fund is buying protection (i.e. the ability to get par for the bonds in the event of an unfavourable credit event), allowing the Fund to hedge its exposure or go short the CMBS sector. By selling such an instrument short and holding cash against the potential obligation to purchase it, the Fund is selling protection and effectively getting long exposure to the CMBS sector more quickly and efficiently than purchasing individual bonds. The risks associated with such synthetic instruments are comparable to those of the underlying ABS or MBS securities that the instruments are seeking to replicate, in addition to the risk that the synthetic instruments themselves do not perform as intended due to adverse market conditions.

Asset-backed securities are very similar to mortgage-backed securities, except that the securities are collateralised by other types of assets besides mortgages, such as credit card receivables, home-equity loans, manufactured homes, automobile loans, student loans, equipment leases, or senior bank loans, among others. Like mortgage-backed securities, asset-backed securities are subject to pre-payment and extension risks.

Mortgage Dollar Roll risk

Some Funds, especially the Franklin Global Aggregate Bond Fund, Franklin Global Aggregate Investment Grade Bond Fund, Franklin Strategic Income Fund, Franklin U.S. Low Duration Fund, Franklin U.S. Total Return Fund and Templeton Global Total Return Fund may engage in mortgage dollar roll transactions. In a mortgage dollar roll, a Fund sells mortgage-backed securities for delivery in the current month and simultaneously contracts to repurchase substantially similar securities on a specified future date (typically so-called "to-be-announced" or TBA securities where the actual securities underlying the transaction are not identified, rather only certain parameters are specified, e.g. coupon, maturity, issuer, mortgage type, and month of settlement). During the period between the sale and repurchase (the "roll period"), the Fund foregoes principal and interest paid on the mortgage-backed securities. The Fund is compensated by the difference between the current sales price and the lower forward price for the future purchase (often referred to as the "drop"), as well as by the interest earned on the cash proceeds of the initial sale. The Fund could suffer a loss if the contracting party fails to perform the future transaction and the Fund is therefore unable to buy back the mortgage-backed securities it initially sold. Mortgage dollar rolls will be entered into only with high-quality government securities dealers and member banks of the US Federal Reserve System.

Mortgage dollar rolls transactions may (due to the deemed borrowing position involved), increase the Fund's overall investment exposure and result in losses. Mortgage dollar rolls will be considered borrowings for purposes of the Fund's borrowing limitations unless the Fund segregates on its books an offsetting cash position or a position of liquid securities of equivalent value.

Multi-Manager risk

The Investment Manager of certain Funds may seek to achieve their investment objectives through the careful selection of two or more investment co-managers ("Investment Co-Managers"). The Investment Manager may also take part in managing the assets of such Funds in addition to selecting and allocating to the Investment Co-Managers. The Investment Co-Managers may be affiliates of the Investment Manager or may be completely independent of the Investment Manager, but subject to careful due diligence on the part of the Investment Manager as part of the selection process.

The Franklin K2 Alternative Strategies Fund in particular intends to achieve its investment objective by allocating its assets across multiple non-traditional or "alternative" strategies including, but not limited to, Long Short Equity, Relative Value, Event Driven, and Global Macro. The Fund intends to use multiple Investment Co-Managers to implement this strategy.

There is the risk that the Investment Co-Managers selected will not effectively implement the intended investment strategy for which the Investment Co-Manager was selected. In addition, the Investment Co-Managers make their investment decisions independently of one another, and as a result may make decisions that conflict with each other. For example, it is possible that an Investment Co-Manager may purchase a security for the Fund at the same time that another Investment Co-Manager sells the same security, resulting in higher expenses without accomplishing any net investment result; or that several Investment Co-Managers purchase the same security at the same time, without aggregating their transactions, resulting in higher expenses. Moreover, the Fund's multi-manager approach may result in the Fund investing a significant percentage of its assets in certain types of securities, which could be beneficial or detrimental to the Fund's performance depending on the performance of those securities and the overall market environment. The Investment Co-Managers may underperform the market generally or underperform other investment managers that could have been selected for the Fund.

Natural Resources Sector risk

By focusing on the natural resources sector, some Funds carry much greater risks of adverse developments than a Fund that invests in a wider variety of industries. The securities of companies in the natural resources sector may experience more price volatility than securities of companies in other industries. Some of the commodities used as raw materials or produced by these companies are subject to broad price fluctuations as a result of industry wide supply and demand factors. As a result, companies in the natural resources sector often have limited pricing power over supplies or for the products they sell which can affect their profitability.

Concentration in the securities of companies with substantial natural resource assets will expose these Funds to the price movements of natural resources to a greater extent than a more broadly diversified mutual fund. There is the risk that those Funds will perform poorly during an economic downturn or a slump in demand for natural resources.

Nomineeship risk

The legislative framework in some markets is only beginning to develop the concept of legal/formal ownership and of beneficial ownership or interest in securities. Consequently, the courts in such markets may consider that any nominee or custodian as registered holder of securities would have full ownership thereof and that a beneficial owner may have no rights whatsoever in respect thereof.

Non-Regulated Markets risk
Some Funds may invest in securities of issuers in countries whose markets do not qualify as regulated markets due to their economic, legal or regulatory structure, and therefore these Funds may not invest more than 10% of their net assets in such securities.

Participatory Notes risk
Participatory Notes also known as P-Notes are financial instruments that may be used by some Funds to obtain exposure to an equity investment, including common stocks and warrants, in a local market where direct ownership is not allowed. Investment in Participatory Notes may involve an OTC transaction with a third party. Therefore Funds investing in Participatory Notes may be exposed not only to movements in the value of the underlying equity, but also to the risk of counterparty default, which may in the event of counterparty default result in the loss of the full market value of the equity.

Portfolio Turnover risk
The Investment Manager and/or the Investment Co-Managers may sell a security or enter into or close out of a derivative position when it believes it is appropriate to do so, regardless of how long the Fund has held the instrument. These activities increase the Fund's portfolio turnover and may increase the Fund's transaction costs.

Prepayment risk
Debt securities are subject to prepayment risk when the issuer can "call" the security, or repay principal, in whole or in part, prior to the security's maturity. When a Fund reinvests the prepayments of principal it receives, it may receive a rate of interest that is lower than the rate on the existing security, potentially lowering the Fund's income, yield and its distributions to shareholders. Securities subject to prepayment may offer less potential for gains during a declining interest rate environment and have greater price volatility. Prepayment risk is greater in periods of falling interest rates.

Real Estate Securities risk
Some Funds invest in real estate securities, securities linked to real estate indices or a basket of real estate securities, or real estate investment trusts ("REITs"). Real estate values rise and fall in response to a variety of factors, including local, regional and national economic conditions, interest rates and tax considerations. When economic growth is slow, demand for property decreases and prices may decline. Property values may decrease because of overbuilding, increases in property taxes and operating expenses, changes in zoning laws, environmental regulations or hazards, uninsured casualty or condemnation losses, or general decline in neighbourhood values.

Securities linked to a real estate index or basket of real estate related securities may take the form of a structured note whose value is intended to move in line with the underlying index (or indices) or real estate related securities basket specified in the note. Such notes involve assuming risk associated with the counterparty that is packaging the note. Such notes depend on the solvency of the issuer for the life of the note. There is no guarantee that such notes will perform as intended in line with the underlying index (indices) or basket of securities. The liquidity of such notes may also be limited, depending on the creditworthiness of the issuer of the note as well as the nature of the underlying indices or basket of securities.

Equity REITs may be affected by any changes in the value of the properties owned and other factors, and their prices tend to go up and down. A REIT's performance depends on the types and locations of the properties it owns and on how well it manages those properties. A decline in rental income may occur because of extended vacancies, increased competition from other properties, tenants' failure to pay a rent or poor management. A REIT's performance also depends on the company's ability to finance property purchases and renovations and manage its cash flows. Since REITs typically are invested in a limited number of projects or in a particular market segment, they are more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments.

Regional Market risk
Some Funds may invest in a single region, and as a result are subject to higher concentration risk and potentially greater volatility compared to Funds following a more diversified policy.

Repurchase Transactions risk
The entering by the Company into repurchase transactions, as contemplated in Appendix B.4 of this Prospectus "Use of Techniques and Instruments relating to Transferable Securities and Money Market Instruments" involves certain risks and there can be no assurance that the objective sought to be obtained from such use will be achieved.

Investors must notably be aware that (1) in the event of the failure of the counterparty with which cash of a Fund has been placed there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (2) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the Fund to meet sale requests, security purchases or, more generally, reinvestment; and that (3) repurchase transactions will, as the case may be, further expose a Fund to risks similar to those associated with optional or forward derivative financial instruments, which risks are further described in other sections of the Prospectus.

The counterparties to repurchase agreement transactions must have a minimum credit rating of A- or better, as rated by Standard & Poor's, Moody's or Fitch, at the time of the transactions. The collateral received by the Company in respect of repurchase agreements transactions may be US Treasury bills or US government agency bonds supported by the full faith and credit of the US government. Any incremental income generated from repurchase agreement transactions will be accrued to the relevant Fund.

Restructuring Companies risk
Some Funds, especially the Franklin High Yield Fund, the Franklin Strategic Income Fund, the Franklin Mutual Beacon Fund, the Franklin Mutual European Fund, the Franklin Mutual Global Discovery Fund, the Franklin Euro High Yield Fund and the Templeton Global High Yield Fund may also invest in the securities of companies involved in mergers, consolidations, liquidations and reorganisations or as to which there exist tender or exchange offers, and may participate in such transactions; they may also purchase indebtedness and participations therein, both secured and unsecured, of debtor companies engaged in reorganisation or financial restructuring. Such investments also involve greater credit risks. The companies involved in reorganisation or financial restructuring tend to have a relatively

weak financial position and may also be subject to the risks that the restructuring could be disruptive to the business and management structure of the companies involved, which may expose the Funds to higher investment risk.

Russian and Eastern European Markets risk

Securities of issuers in Russia, countries of Eastern Europe as well as the New Independent States such as Ukraine and the countries under the influence of the former Soviet Union in the past involve significant risks and special considerations, which are not typically associated with investing in securities of issuers in the EU Member States and the United States of America. They are additional to the normal risks inherent in any such investments and include political, economic, legal, currency, inflation and taxation risks. For example there is a risk of loss due to lack of adequate systems for transferring, pricing, accounting for and safekeeping or record keeping of securities.

In particular, the Russian market presents a variety of risks in relation to the settlement and safekeeping of securities. These risks result from the fact that physical securities do not exist; as a consequence, the ownership of securities is evidenced only on the issuer's register of shareholders. Each issuer is responsible for the appointment of its own registrar. The result is a broad geographic distribution of several hundred registrars across Russia. Russia's Federal Commission for Securities and Capital Markets (the "Commission") has defined the responsibilities for registrar activities, including what constitutes evidence of ownership and transfer procedures. However, difficulties enforcing the Commission's regulations mean that the potential for loss or error still remains and there is no guarantee that the registrars will act according to the applicable laws and regulations. Widely accepted industry practices are actually still in the process of being established.

When registration occurs, the registrar produces an extract of the register of shareholders as at that particular point in time. Ownership of Shares is vested in the records of the registrar but is not evidenced by the possession of an extract of the register of shareholders. The extract is only evidence that registration has taken place. However, the extract is not negotiable and has no intrinsic value. In addition, a registrar will typically not accept an extract as evidence of ownership of Shares and is not obliged to notify the Custodian or its local agents in Russia, if or when it amends the register of shareholders. Russian securities are not on physical deposit with the Custodian or its local agents in Russia. Similar risks apply in respect of the Ukrainian market.

Therefore, neither the Custodian nor its local agents in Russia or in Ukraine can be considered as performing a physical safekeeping or custody function in the traditional sense. The registrars are neither agents of, nor responsible to, the Custodian or its local agents in Russia or in Ukraine. The Custodian's liability only extends to its own negligence and wilful default and to that caused by negligence or wilful misconduct of its local agents in Russia or in Ukraine, and does not extend to losses due to the liquidation, bankruptcy, negligence or wilful default of any registrar. In the event of such losses the Company will have to pursue its rights directly against the issuer and/or its appointed registrar.

However, securities traded on the Moscow Exchange MICEX-RTS can be treated as investment in securities dealt on a regulated market.

In April 2013, Russia implemented the new National Settlement Depository ("NSD") as Russia's central securities depository ("CSD") in an effort to overhaul its share registration system. The NSD is regulated by Russia's securities regulator, the Federal Service for Financial Markets ("FSFM"). The Custodian has now confirmed that all Funds' positions of eligible securities were moved to the NSD.

The recent implementation of the NSD as Russia's CSD has alleviated the major concerns which prompted the Russia Custody Letters. All Russian securities transfers and settlements are now required to take place on the CSD system which has specific rules on the finality of these transactions. As a result, all securities transactions are recorded in one central system and not merely in the books of various private registrars.

Securities Lending risk

The entering by the Company into securities lending transactions, as contemplated in Appendix B.4 of this Prospectus "Use of Techniques and Instruments relating to Transferable Securities and Money Market Instruments" involves certain risks and there can be no assurance that the objective sought to be obtained from such use will be achieved.

Investors must notably be aware that in case of default, bankruptcy or insolvency of the borrower of securities lent by a Fund, there is a risk of delay in recovery (that may restrict the ability of a Fund to meet delivery obligations under security sales or payment obligations arising from sale requests) or even loss of rights in collateral received, which risks are mitigated by a careful creditworthiness analysis of borrowers to determine their degree of risk for said borrowers to become involved in insolvency/bankruptcy proceedings within the timeframe contemplated by the loan.

A Fund may reinvest the cash collateral received from borrowers. There is a risk that the value or return of the reinvested cash collateral may decline below the amount owed to those borrowers, and those losses may exceed the amount earned by the Fund on lending the securities.

Shanghai-Hong Kong Stock Connect risk

Certain Funds may invest and have direct access to certain eligible China A-Shares via the Shanghai-Hong Kong Stock Connect ("Stock Connect"). The Stock Connect is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited ("**HKEx**"), Shanghai Stock Exchange ("**SSE**") and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**"), with an aim to achieve mutual stock market access between mainland China and Hong Kong.

The Stock Connect comprises a Northbound Trading Link (for investment in China A-Shares) by which certain Funds may be able to place orders to trade eligible shares listed on SSE.

Under the Stock Connect, overseas investors (including the Funds) may be allowed, subject to rules and regulations issued/amended from time to time, to trade certain China A Shares listed on the SSE (the "SSE Securities") through the Northbound Trading Link. The SSE Securities include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on the Stock Exchange of Hong Kong Limited ("**SEHK**"), except (i) those SSE-listed shares which are not traded in RMB and (ii) those SSE-listed shares which are included in the "risk alert board". The list of eligible securities may be changed subject to the review and approval by the relevant mainland China regulators from time to time.

Further information about the Stock Connect is available online at the website: http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm.

In addition to the risks associated with the Chinese market and risks related to investments in RMB, investments through the Stock Connect are subject to additional risks, namely, quota limitations, suspension risk, operational risk, restrictions on selling imposed by front-end monitoring, recalling of eligible stocks, clearing and settlement risks, nominee arrangements in holding China A-Shares and regulatory risk.

Quota limitations
The Stock Connect is subject to quota limitations on investments, which may restrict the relevant Funds' ability to invest in China A-Shares through the Stock Connect on a timely basis, and these Funds may not be able to effectively pursue their investment policies.

Suspension risk
Both the SEHK and SSE reserve the right to suspend trading if necessary for ensuring an orderly and fair market and managing risks prudently which could adversely affect the relevant Funds' ability to access the mainland China market.

Differences in trading day
The Stock Connect only operates on days when both mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the mainland China market but Hong Kong investors (such as the Funds) cannot carry out any China A-Shares trading, The Funds may be subject to a risk of price fluctuations in China A-Shares during the time when the Stock Connect is not trading as a result.

Restrictions on selling imposed by front-end monitoring
Mainland China regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A-Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

Clearing settlement and custody risks
The Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEx ("HKSCC") and ChinaClear establish the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. As the national central counterparty of the mainland China's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the China Securities Regulatory Commission ("**CSRC**"). The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the relevant Fund(s) may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

The China A-Shares traded through Shanghai-Hong Kong Stock Connect are issued in scripless form, so investors, such as the relevant Funds, will not hold any physical China A-Shares. Hong Kong and overseas investors, such as the Funds, who have acquired SSE Securities through Northbound trading should maintain the SSE Securities with their brokers' or custodians' stock accounts with the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK. Further information on the custody set-up relating to the Stock Connect is available upon request at the registered office of the Company.

Operational risk
The Stock Connect provides a new channel for investors from Hong Kong and overseas, such as the Funds, to access the China stock market directly. The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial program to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect program requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system ("China Stock Connect System") to be set up by SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The relevant Funds' ability to access the China A-Share market (and hence to pursue their investment strategy) will be adversely affected.

Nominee arrangements in holding China A-Shares
HKSCC is the "nominee holder" of the SSE securities acquired by overseas investors (including the relevant Fund(s)) through the Stock Connect. The CSRC Stock Connect rules expressly provide that investors such as the Funds enjoy the rights and benefits of the SSE securities acquired through the Stock Connect in accordance with applicable laws. However, the courts in mainland China may consider that any nominee or custodian as registered holder of SSE securities would have full ownership thereof, and that even if the concept of beneficial owner is recognised under mainland China law those SSE securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently, the relevant Fund(s) and the Custodian cannot ensure that the Fund's ownership of these securities or title thereto is assured in all circumstances.

Under the rules of the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE securities in mainland China or elsewhere. Therefore, although the relevant Funds' ownership may be ultimately recognised, these Funds may suffer difficulties or delays in enforcing their rights in China A-Shares.

To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Custodian and the relevant Fund(s) will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that a Fund suffers losses resulting from the performance or insolvency of HKSCC.

Investor compensation
Investments of the relevant Funds through Northbound trading under the Stock Connect will not be covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

Since default matters in Northbound trading via the Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. On the other hand, since the relevant Funds are carrying out Northbound trading through securities brokers in Hong Kong but not mainland China brokers, therefore they are not protected by the China Securities Investor Protection Fund in mainland China.

Trading costs
In addition to paying trading fees and stamp duties in connection with China A-Share trading, the relevant Funds may be subject to new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which are yet to be determined by the relevant authorities.

Mainland China tax consideration
The Management Company and/or Investment Manager reserve the right to provide for tax on gains of the relevant Fund that invests in mainland China securities thus impacting the valuation of the relevant Funds. With the uncertainty of whether and how certain gains on mainland China securities are to be taxed, the possibility of the laws, regulations and practice in mainland China changing, and the possibility of taxes being applied retrospectively, any provision for taxation made by the Management Company and/or the Investment Manager may be excessive or inadequate to meet final mainland China tax liabilities on gains derived from the disposal of mainland China securities. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such gains will be taxed, the level of provision and when they purchased and/or sold their shares in/from the relevant Fund.

On 14 November 2014, the Ministry of Finance, State of Administration of Taxation and CSRC jointly issued a notice in relation to the taxation rule on the Stock Connect under Caishui [2014] No.81 ("Notice No.81"). Under Notice No.81, Corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (such as the Funds) on the trading of China A-Shares through the Stock Connect with effect from 17 November 2014. However, Hong Kong and overseas investors (such as the Funds) are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies.

Regulatory risk.
The CSRC Stock Connect rules are departmental regulations having legal effect in mainland China. However, the application of such rules is untested, and there is no assurance that mainland China courts will recognise such rules, e.g. in liquidation proceedings of mainland China companies.

The Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in mainland China and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connect will not be abolished. The relevant Funds which may invest in the mainland China markets through Stock Connect may be adversely affected as a result of such changes.

Single Country risk
Funds which essentially invest or have exposure in only one country will have greater exposure to market, political, legal, economic and social risks of that country than a Fund which diversifies country risk across a number of countries. There is a risk that a particular country may impose foreign exchange and/or conversion controls or regulate in such a way as to disrupt the way the markets in that country operate. The consequences of these actions, and others such as confiscation of assets, could be to hinder the normal operation of such Fund with regard to the purchase and sale of investments and possibly the ability to meet redemptions. As further described in Appendix D, dealing in such Fund may be suspended and investors may not be able to acquire or redeem units in the Fund. Investment in a single country may result in reduced liquidity, greater financial risk, higher volatility and limited diversification, which may have significant impact on the ability of the Fund to purchase or sell investment and possibly the ability to meet redemption requests in a timely manner. In certain countries, and for certain types of investments, transaction costs are higher and liquidity is lower than elsewhere.

Smaller and Midsize Companies risk
While smaller and midsize companies may offer substantial opportunities for capital growth, they also involve substantial risks and should be considered speculative. Historically, smaller and midsize company securities have been more volatile in price than larger company securities, especially over the short term. Among the reasons for the greater price volatility are the less certain growth prospects of smaller and midsize companies, the lower degree of liquidity in the markets for such securities, and the greater sensitivity of smaller and midsize companies to changing economic conditions.

In addition, smaller and midsize companies may lack depth of management, be unable to generate funds necessary for growth or development, have limited product lines or be developing or marketing new products or services for which markets are not yet established and may never become established. Smaller and midsize companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying any loans which are floating rate.

These risks are typically increased for securities issued by smaller companies registered or performing a significant part of their activities in developing countries and Emerging Markets, especially as the liquidity of securities issued by companies in Emerging Markets may be substantially smaller than with comparable securities in industrialised countries.

Sovereign Debt risk
Sovereign debt securities are subject to various risks in addition to those relating to debt securities and foreign securities generally, including, but not limited to, the risk that a governmental entity may be unwilling or unable to pay interest and repay principal on its sovereign debt, or otherwise meet its obligations when due because of cash flow problems, insufficient foreign reserves, the relative size of the debt service burden to the economy as a whole, the government's policy towards principal international lenders such as the International Monetary Fund, or the political considerations to which the government may be subject. Sovereign debtors also may be dependent on expected disbursements from other foreign governments or multinational agencies and the country's access to, or balance of, trade. If a sovereign debtor defaults (or threatens to default) on its sovereign debt obligations, the indebtedness may be restructured. Restructuring may include obtaining additional credit to finance outstanding obligations, reduction and rescheduling of payments of interest and principal, or negotiation of new or amended credit and security agreements. Unlike most corporate debt restructurings, the fees and expenses of financial and legal advisers to the creditors in connection with a restructuring may be borne by the holders of the sovereign debt securities instead of the sovereign entity itself. Some sovereign debtors have in the past been able to restructure their debt payments without the approval of some or all debt holders or to declare moratoria on payments, and similar occurrences may happen in the future.

In the event of a default on sovereign debt, a Fund may have limited legal recourse against the defaulting government entity. As a sovereign entity, the issuing government may be immune from lawsuits in the event of its failure or refusal to pay the obligations when due, and any rights a Fund may have may be restricted pursuant to the terms of applicable treaties with such sovereign entity. If a sovereign entity defaults, it may request additional time in which to pay or for further loans. There may be no legal process for collecting sovereign debt that a government does not pay or such legal process may be relatively more expensive, nor are there bankruptcy proceedings by which a Fund may collect in whole or in part on debt issued by a sovereign entity. In certain cases, remedies must be pursued in the courts located in the country of the defaulting sovereign entity itself, which may further limit a Fund's ability to obtain recourse.

Funds may invest in Sovereign Debt issued by governments or government-related entities from countries referred to as Emerging Markets or Frontier Markets, which bear additional risks compared to more developed markets due to such factors as greater political and economic uncertainties, currency fluctuations, repatriation restrictions or capital controls.

Structured Notes risk
Structured notes such as credit-linked notes, equity-linked notes and similar notes involve a counterparty structuring a note whose value is intended to move in line with the underlying security specified in the note. Unlike financial derivative instruments, cash is transferred from the buyer to the seller of the note. Investment in these instruments may cause a loss if the value of the underlying security decreases. There is also a risk that the note issuer will default. Additional risks result from the fact that the documentation of such notes programmes tends to be highly customised. The liquidity of a structured note can be less than that for the underlying security, a regular bond or debt instrument and this may adversely affect either the ability to sell the position or the price at which such a sale is transacted.

Swap Agreements risk
The Company may enter into interest rate, index and currency exchange rate swap agreements for the purposes of attempting to obtain a particular desired return at a lower cost to the Company than if the Company had invested directly in an instrument that yielded that desired return. Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a few days to more than one year. In a standard "swap" transaction, two parties agree to exchange the returns (or differential in rates of return) earned or realised on particular predetermined investments or instruments. The gross returns to be exchanged or "swapped" between the parties are calculated with respect to a "notional amount", i.e. the return on or increase in value of a particular US dollar amount invested at a particular interest rate, in a particular foreign currency, or in a "basket" of securities representing a particular index. The "notional amount" of the swap agreement is only a fictive basis on which to calculate the obligations which the parties to a swap agreement have agreed to exchange. The Company's obligations (or rights) under a swap agreement will generally be equal only to the net amount to be paid or received under the agreement based on the relative values of the positions held by each party to the agreement (the "net amount").

Whether the Company's use of swap agreements will be successful in furthering its investment objective will depend on the ability of the Investment Managers and/or Investment Co-Managers to correctly predict whether certain types of investments are likely to produce greater returns than other investments. Because they are two-party contracts and because they may have terms of greater than seven (7) calendar days, swap agreements may be considered to be illiquid. Moreover, the Company bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. The Investment Managers and/or Investment Co-Managers will cause the Company to enter into swap agreements in accordance with the guidelines in Appendix B.

Value Stocks risk
Some Funds may select stocks using a bottom-up, long-term, value-oriented approach. To the extent that markets fail to recognise their expected value, investment may underperform other stock selection approaches.

Warrants risk
Investments in and holding of warrants may result in increased volatility of the Net Asset Value of certain Funds, which may make use of warrants, and accordingly is accompanied by a higher degree of risk.

Investors should understand that all investments involve risk and there can be no guarantee against loss resulting from an investment in any Fund(s), nor can there be any assurance that the Fund(s) investment objective(s) will be attained. Neither the Company, the Management Company, the Investment Managers, nor any of their worldwide affiliated entities, guarantee the performance or any future return of the Company or any of its Funds.

MANAGEMENT COMPANY

The Board of Directors has appointed Franklin Templeton International Services S.à r.l. as Management Company by a management company services agreement dated 15 January 2014 to be responsible on a day-to-day basis under the supervision of the Board of Directors, for providing administration, marketing, investment management and advice services in respect of all Funds. The Management Company has delegated the investment management services to the Investment Managers.

The Board of Managers of the Management Company has appointed Denise Voss, Gregory S. Kok and Harold C. Nash as conducting persons, responsible for the day-to-day management of the Management Company in accordance with article 102 of the Luxembourg Law of 17 December 2010.

The Management Company was incorporated on 17 May 1991 under the laws of the Grand Duchy of Luxembourg and its articles of incorporation are deposited with the Luxembourg Registre de Commerce et des Sociétés. The Management Company is approved as a management company regulated by chapter 15 of the Law of 17 December 2010. The Management Company is part of Franklin Templeton Investments.

The share capital of the Management Company is EUR 3,961,413.- and the Management Company will comply at all times with article 102 of the Law of 17 December 2010.

The Management Company may also be appointed to act as management company for other investments funds the list of which will be available, upon request, at the registered office of the Company and the Management Company.

The Management Company will ensure compliance of the Company with the investment instructions and oversee the implementation of the Company's strategies and investment policy.

The Management Company will receive periodic reports from the Investment Managers detailing the Funds' performance and analysing their investment. The Management Company will receive similar reports from the other services providers in relation to the services which they provide.

Franklin Templeton International Services S.à r.l. will also act as registrar and transfer, corporate, domiciliary and administrative agent of the Company and will therefore be responsible for processing the purchase, selling and switching of Shares, the maintenance of accounting records and all other administrative services as required by the laws of the Grand Duchy of Luxembourg.

The Management Company shall report to the Board of Directors on a quarterly basis and inform the Board of Directors of any non-compliance of the Company with the investment restrictions.

INVESTMENT MANAGERS

The Investment Managers mentioned in the section "Administration Information" have been appointed by the Management Company to act as investment managers of the Funds as may other affiliated investment advisory companies within Franklin Templeton Investments and to provide day-to-day management in respect of the investment and re-investment of the net assets of the Funds.

The Investment Managers may or may not be part of Franklin Templeton Investments.

The Investment Managers shall render to the Management Company written reports of the composition of the assets of the Funds under their management as often as the Management Company shall reasonably require.

The Investment Managers and their affiliates serve as advisers for a wide variety of public investment mutual funds and private clients in many nations. Franklin Templeton Investments has been investing globally for over 60 years and provides investment management and advisory services to a worldwide client base, including over 24 million shareholder accounts. The Franklin Templeton Investments Managers are indirect wholly owned subsidiaries of FRI. Through its subsidiaries, FRI is engaged in various aspects of the financial services industry. Details of the value of assets currently managed by Franklin Templeton Investments can be accessed on http://www.franklintempleton.lu.

CUSTODIAN

J.P. Morgan Bank Luxembourg S.A. has been appointed Custodian of the Company's assets, including the securities and cash of the Company, which will be held either directly or through correspondents, nominees, agents or delegates of the Custodian. The Custodian was appointed by an agreement dated 31 August 1994, as amended, which may be terminated on 90 days' notice.

J.P. Morgan Bank Luxembourg S.A. performs the custodial functions in accordance with the Law of 17 December 2010.

J.P. Morgan Bank Luxembourg S.A. was incorporated as a *société anonyme* for an unlimited duration from 16 May 1973 and has its registered office at European Bank & Business Centre, 6, route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg.

The Custodian shall further ensure that the purchases and sales of Shares in the Company effected by the Company are carried out in accordance with the provisions of the Law of 17 December 2010 and the Articles, ensure that in transactions involving the Company's assets any consideration is remitted to the Custodian within the usual time limits, and ensure that the Company's income is applied in accordance with the provisions of the Law of 17 December 2010 and the Articles.

PUBLICATION OF SHARE PRICES

The Net Asset Value per Share of each Fund and Share Class is made public at the registered office of the Company and is available at the offices of the Management Company. The Company will arrange for the publication of the Net Asset Value per Share of relevant Funds as required under applicable laws and in such newspapers as the Board of Directors may decide from time to time. This information is also available on the Internet site: http://www.franklintempleton.lu. The Company and the Management Company cannot accept any responsibility for any error or delay in publication or for the non-publication of prices.

INVESTOR GENERAL INFORMATION

Prior Considerations

The Company aims to provide investors with a choice of Funds investing in a wide range of transferable securities and other eligible assets on a worldwide basis and featuring a diverse array of investment objectives, including capital growth and income. Investors should give careful consideration to their own personal investment objectives and any local regulatory or tax implications applicable to their circumstances. Investors are recommended to obtain advice from local financial and tax advisors. Further information regarding tax is provided in the sections "Taxation of the Company" and "Taxation of Investors".

Investors should note that the price of Shares in the Company and the income from them may go down as well as up and an Investor may not get back the amount invested. Attention of Investors is more specifically drawn to the fact that investment by the Company may trigger specific risks, as more fully described under section "Risk Considerations".

The distribution of this Prospectus and the offering of the Shares may be restricted in certain jurisdictions and some of the Funds may not be available for public distribution in your jurisdictions. It is the responsibility of any persons wishing to make an application for Shares pursuant to this Prospectus to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions.

Investors should refer to the relevant KIID of the Company where applicable for ongoing charges and historical performance charts of the Share Classes of the relevant Funds.

Issue of Shares

Shares are made available through the Principal Distributor. The Principal Distributor will, from time to time, enter into contractual agreements with several other sub-distributors, intermediaries, Brokers/Dealers and/or professional investors for the distribution of those Shares.

If circumstances so require, the Board of Directors reserves the right at any time, without notice, to discontinue the issue or sale of Shares pursuant to this Prospectus.

The Company may restrict or prevent the ownership of Shares by any US person and/or any person, firm or corporate body if in the opinion of the Company such holding may be detrimental to the Company or its Shareholders, may result in a breach of any applicable law or regulations (whether Luxembourg or foreign) or may expose the Company or its Shareholders to liabilities (to include, inter alia, regulatory or tax liabilities and any other tax liabilities that might derive, inter alia, from any breach of FATCA requirements) or any other disadvantages that it or they would not have otherwise incurred or been exposed to. Such persons, firms or corporate bodies (including US persons and/or persons in breach of FATCA requirements) are herein referred to as "Prohibited Persons".

For such purposes, the Company may:

1) decline to issue any Share and decline to register any transfer of a Share, where it appears to it that such registration or transfer would or might result in beneficial ownership of such Share by a Prohibited Person;

2) at any time require any person whose name is entered in, or any person seeking to register the transfer of Shares on, the register of shareholders to furnish it with any representations and warranties or any information, supported by affidavit, which it may consider necessary for the purpose of determining whether or not, to what extent and under which circumstances, beneficial ownership of such Shareholder's Shares rests or will rest in a Prohibited Person, or whether such registration will result in beneficial ownership of such Shares by a Prohibited Person; and

3) where it appears to the Company that any Prohibited Person, either alone or in conjunction with any other person, is a beneficial owner of Shares or is in breach of its representations and warranties or fails to make such representations and warranties in a timely manner as the Company may require, may compulsorily redeem from any such Shareholder all or part of the Shares held by such Shareholder in the manner more fully described in the Articles; and

4) decline to accept the vote of any Prohibited Person at any meeting of shareholders of the Company.

Listing of Shares

Certain eligible Share Classes are or will be listed on the Luxembourg Stock Exchange. The Board of Directors may decide to make an application to list the Shares of any Class on any other recognised stock exchange.

Form and Currency of Shares

All Shares are issued in registered form. Fractional registered shares will be rounded to three (3) decimal places. Any deal order with a stated Share amount with more than three (3) decimal places will be rounded to three (3) decimal places, using conventional rounding to the nearest thousandths place.

The Board of Directors has resolved that no additional Shares in physical bearer form will be issued. The provisions set forth in this Prospectus in relation to Physical Bearer Shares are applicable as long as Physical Bearer Shares are in issue. According to the law of 28 July 2014 concerning the compulsory deposit and immobilisation of shares and units in bearer form, Physical Bearer Shares in issue need to be deposited, no later than 18 February 2016, with Franklin Templeton International Services S.à r.l. All Physical Bearer Shares not deposited by 18 February 2016 shall be cancelled and the monies resulting from the cancellation of such bearer shares will be deposited with the *Caisse de Consignation*.

Voting and financial rights relating to Physical Bearer Shares can only be exercised if such Physical Bearer Shares have been deposited and registered before 18 February 2015. The register shall in particular contain information such as the identification of the Shareholder, the number of Shares, the date of the deposit, any transfers of Shares with the date of such transfers and the conversion into registered shares, where relevant.

The Company and/or the Management Company may offer within a Fund several Alternative Currency Share Classes as described in Section "Share Classes".

Dealing Cut-Off Times

Dealing Cut-Off Times are detailed in Appendix A. The Company and/or Management Company may permit, if it deems it appropriate, different Dealing Cut-Off Times to be agreed with local distributors or for distribution in jurisdictions where the different time zone so justifies. In such circumstances, the applicable Dealing Cut-Off Time applied must always precede the time when the applicable Net Asset Value is calculated and published. Such different Dealing Cut-Off Times shall be disclosed in the local supplement to this Prospectus, the agreements in place with the local distributors, or other marketing material used in the jurisdictions concerned.

Calculation of Share Prices/Net Asset Value

The prices at which Shares of the relevant Classes can be purchased, sold or switched in each Share Class are calculated on each Valuation Day by reference to the Net Asset Value per Share of the Class concerned and are available on the following Business Day.

Some jurisdictions do not permit Investor transactions to be accepted during local holidays. Details of these arrangements are contained in the locally approved version of this Prospectus.

Details of the calculation of the Net Asset Value are provided in Appendix D. Instructions received in writing by the Management Company in Luxembourg or by a duly authorised distributor, prior to the applicable Dealing Cut-Off Time on any Dealing Day, will be dealt with at the relevant Net Asset Value per Share determined for that Valuation Day.

All deal instructions shall be dealt with on an unknown Net Asset Value basis before the determination of the Net Asset Value per Share for that Valuation Day.

Suspension of dealing and Share Prices/Net Asset Value

The calculation of the Net Asset Value (and consequently purchases, sales and switches) of any Share of any Fund may be suspended by the Company pursuant to the power reserved to it by its Articles and as described in Appendix D. Instructions made or pending during such suspension may be withdrawn by notice in writing received by the Management Company prior to the end of such suspension. Unless withdrawn, instructions will be considered as if received on the first Valuation Day following the end of the suspension.

Fund Liquidations and Fund Mergers

If the net assets of any Fund are at any time below USD 20 million, or the equivalent thereof in the currency of the relevant Fund, the Board of Directors may decide to liquidate such Fund and redeem all outstanding Shares or close down such Fund by contribution of its assets in another eligible Fund. Notice of such liquidation or merger will be sent to the registered Investors and will, if Physical Bearer Shares are outstanding, be published in certain newspapers worldwide. The price at which Shares will be redeemed will be the Net Asset Value per Share of such Fund determined upon realisation of all assets attributable to such Fund. Further details are provided in Appendix C.

Fund Soft Closure

A Fund, or Share Class, may be closed to new investors or to all new subscriptions or switches in (but not to redemptions or switches out) if, in the opinion of the Management Company, closing is necessary to protect the interests of existing Shareholders. Without limiting the circumstances where closing may be appropriate, one such circumstance would be where the Fund has reached a size such that the capacity of the market and/or the capacity of the Investment Manager has been reached, and where to permit further inflows would be detrimental to the performance of the Fund. Any Fund, or Share Class, may be closed to new investors or all new subscriptions or switches in without notice to Shareholders.

Notwithstanding the above, the Management Company may allow, at its discretion, the continuation of subscriptions from regular savings schemes on the basis that these types of flows present no challenge with respect to capacity. Once closed, a Fund or a Share Class will not be re-opened until, in the opinion of the Management Company, the circumstances which required closure no longer prevail. Shareholders and potential investors should confirm with the Company, the Management Company or the Distributor(s) or check the website for the current status of Funds or Share Classes.

Minimum Investment

The minimum initial investment in the Shares of each Fund is USD 5,000 (or USD 2,500 in the case of switches), USD 5,000,000 for Class I Shares (except for the Class I Shares of the Franklin U.S. Government Fund which has a minimum initial investment of USD 1,000,000 and the Franklin Global Corporate High Yield Fund which has a minimum initial investment of USD 20,000,000) and USD 3,000,000 for Class W Shares, or the equivalent in any other freely exchangeable currency, except for investment made by professional Nominees. Such minimum investment amounts may be waived in whole or in part by the Board of Directors or by the Management Company. Existing holders of Shares in any Fund may add to their Holdings in that Fund provided the minimum increase for any purchase is USD 1,000 or the equivalent in any other freely exchangeable currency.

Any specific minimum initial investment applied in other jurisdictions will be disclosed in the local version of this Prospectus.

Nominee

Local offering documentation may provide the facility for the Investors to avail of Nominee type of intermediaries, brokers/dealers and/or local paying agents. The Nominee name will appear on the register of Shareholders of the Company and the Nominee may effect purchases, switches and sales of Shares on behalf of the Investors.

The Nominee maintains its own records and provides the Investors with individualised information as to their Holdings. Unless otherwise provided by local law, any Investor investing through a Nominee type of intermediary has the right to claim direct title to the Shares purchased on his/her/its behalf by the Nominee.

For the avoidance of doubt, Investors subscribing through such other parties (or through sub-distributors, intermediaries, brokers/dealers and/or professional investors appointed by such other parties) will not be charged additional fees and expenses by the Company.

Third Party Payments

Investors are informed that it is the Company's policy not to make payment to or accept payment from a party other than the registered Shareholder.

Investors should note that if their redemption instruction is accompanied by a request to pay the sale proceeds into a bank account, located in a country other than the Investor's country of residence, the Company and/or the Management Company reserves the right to delay the execution of the transaction or the release of the payment proceeds, until additional information or documentation is received that provides additional investor protection to the satisfaction of the Company and/or the Management Company.

Telephone Recording

The Management Company may use telephone recording procedures to record any conversation. Investors are deemed to consent to the tape-recording of conversations with the Management Company and to the use of such tape recordings by the Management Company and/or the Company in legal proceedings or otherwise at their discretion.

Investor Portfolio

Investors will be given at least one personal Investor Portfolio Number. Such personal Investor Portfolio Number should be used in all correspondence with the Company or the Management Company. In the event that more than one personal Investor Portfolio Number is attributed to the same Investor, all such personal Investor Portfolio Numbers should be indicated for any request concerning all the Portfolios held by the Investor.

Contract Notes

Following the execution of a transaction, a Contract Note will be dispatched to the Investor normally within fourteen (14) Business Days. Investors should promptly check this Contract Note to ensure that each transaction has been accurately recorded in the relevant Investor Portfolio. In the event of identifying a discrepancy Investors should immediately report such discrepancy in writing to the Management Company or their local Franklin Templeton Investments servicing office. If not so reported within fifteen (15) Business Days from the Contract Note date, the transaction will be deemed correct and the Investor will be bound by the terms of the Contract Note.

Personal Theft

Any correspondence issued by the Company or the Management Company is private and confidential. To safeguard Investors' Holdings, in the case of loss or theft of any correspondence with the Company or the Management Company (or of identity documents/passport), Investors should immediately inform their local Franklin Templeton Investments servicing office.

Data Protection

All personal data of Investors ("Data") contained in the application form and all and any further personal data collected in the course of the business relationship with the Company and/or the Management Company may be, subject to applicable local laws and regulations, collected, recorded, stored, adapted, transferred or otherwise processed and used ("processed") by the Company, the Management Company and other companies of Franklin Templeton Investments, including Franklin Resources, Inc. and/or its subsidiaries and associates, which may be established outside Luxembourg and/or the European Union, including the US and India, the Custodian and any other third parties which provide services to them. Such data shall be processed for the purposes of account administration, development of business relationships, anti-money laundering and counter-terrorist financing identification, tax identification, where appropriate, under the European Savings Directive or for the purpose of compliance with FATCA or similar laws and regulations (e.g. on OECD level) as well as, to the extent permissible, under the conditions set forth in Luxembourg laws and regulations and any other local applicable laws and regulations.

To this end, data may be transferred (i) to companies appointed by the Company or the Management Company (e.g. client communication agents or paying agents) to support the Company related activities and (ii) to third parties such as governmental or regulatory bodies including tax authorities, auditors and accountants in Luxembourg as well as in other jurisdictions.

By subscribing and/or holding Shares of the Company, investors are deemed to be providing their consent to the processing of their Data and in particular, the disclosure of such Data to, and the processing thereof by the parties referred to above including parties situated in countries outside of the European Union (such as but not limited to the US and India) which may not offer a similar level of protection as the one deriving from Luxembourg data protection law.

The Investors have a right of access and of rectification of the personal data in cases where such data is incorrect or incomplete.

The Company and/or the Management Company, for the purpose of FATCA compliance, may be required to disclose personal data relating to US Persons and/or non-participant FFIs to the Luxembourg tax authorities which may transfer them to the Internal Revenue Service in the US.

Data shall not be held for longer than necessary with regard to the purpose of the data processing, subject always to applicable legal minimum retention periods.

Anti-Money Laundering and Counter-Terrorist Financing Legislation

Pursuant to the Luxembourg law of 5 April 1993 relating to the financial sector (as amended), the Luxembourg law of 12 November 2004 relating to money laundering and counter terrorist financing (as amended), the law of 27 October 2010 enhancing the anti-money laundering and counter-terrorist financing legal framework and the CSSF Regulation No. 12-02 of 14 December 2012 implementing a legally binding reinforcement of the regulatory framework, as well as to the circulars of the Luxembourg supervisory authority (notably CSSF circulars 13/556, 11/529, 11/528, 10/486 and 10/484), obligations have been imposed on the Company to take measures to prevent the use of investment funds for money laundering and terrorist financing purposes.

Accordingly, the Management Company has established a procedure to identify all its Investors. To meet the Management Company's requirements, Investors should submit any necessary identification documents together with the application form. For private individuals this will be a passport or identity card copy duly certified to be a true copy by an authorised body in their resident country. Legal entities will be required to produce documents such as proof of regulation, membership to a recognised stock exchange, or company articles of incorporation/by-laws or other constitutive documents as applicable. The Management Company is also obliged to identify any beneficial owners of the investment. The requirements apply to both purchases made directly to the Company and indirect purchases received from an intermediary.

The Management Company reserves the right to ask for additional information and documentation, such as source of wealth, as may be required in higher risk scenarios or to comply with any applicable laws and regulations. Failure to provide documentation may result in delay in investment or the withholding of sale proceeds.

Such information provided to the Management Company is collected and processed for anti-money laundering and counter-terrorist financing compliance purposes.

Trading Policy

Market timing/short term trading generally. The Company discourages short-term or excessive trading, often referred to as "market timing", and intends to seek to restrict or reject such trading or take other action, as described below, if in the judgment of the Company or Management Company such trading may interfere with the efficient management of the portfolio of any Fund, may materially increase the Fund's transaction costs, administrative costs or taxes, or may otherwise be detrimental to the interests of the Company and its Shareholders.

Market timing consequences. If information regarding an Investor's activity in the Company or in any other Franklin Templeton Investments funds or non-Franklin Templeton Investments funds is brought to the attention of the Company or the Management Company and based on that information the Company, the Management Company or their agents in their sole discretion conclude that such trading may be detrimental to the Company as described in this Market Timing Trading policy, the Company may temporarily or permanently bar an Investor's future purchases into the Company or, alternatively, may limit the amount, number or frequency of any future purchases and/or the method by which a Shareholder may request future purchases and sales (including purchases and/or sales by a switch or transfer between the Company and any other Franklin Templeton Investments funds).

In considering an Investor's trading activity, the Company may consider, among other factors, the Investor's trading history both directly and, if known, through financial intermediaries, in the Company, in other Franklin Templeton Investments funds, in non-Franklin Templeton Investments funds, or in accounts under common control or ownership.

Market timing through financial intermediaries. Investors are subject to this policy whether they are a direct Shareholder of the Fund or are investing indirectly in the Company through a financial intermediary such as a bank, an insurance company, an investment advisor, or any other Distributor that acts as Nominee for Investors subscribing the Shares in their own name but on behalf of its customers (the Shares being held in an "omnibus holding").

While the Management Company will encourage financial intermediaries to apply the Company's Market Timing Trading policy to their customers who invest indirectly in the Company, the Management Company is limited in its ability to monitor the trading activity or enforce the Company's Market Timing Trading policy with respect to customers of financial intermediaries. For example, should it occur, the Management Company may not be able to detect market timing that may be facilitated by financial intermediaries or made difficult to identify in the omnibus/Nominee accounts used by those intermediaries for aggregated purchases, switches and sales on behalf of all their customers. More specifically, unless the financial intermediaries have the ability to apply the Company's Market Timing Trading policy to their customers through such methods as implementing short-term trading limitations or restrictions, monitoring trading activity for what might be market timing, the Management Company may not be able to determine whether trading by customers of financial intermediaries is contrary to the Company's Market Timing Trading policy.

Risks from market timers. Depending on various factors, including the size of the Fund, the amount of assets the Investment Manager typically maintains in cash or cash equivalents and the euro, Japanese yen or US dollar amount and number and frequency of trades, short-term or excessive trading may interfere with the efficient management of the Fund's portfolio, increase the Fund's transaction costs, administrative costs and taxes and/or impact Fund performance.

In addition, if the nature of the Fund's portfolio holdings expose the Fund to Investors who engage in the type of market timing trading that seeks to take advantage of possible delays between the change in the value of a Fund's portfolio holdings and the reflection of the change in the Net Asset Value of the Fund's Shares, sometimes referred to as "arbitrage market timing", there is the possibility that such trading, under certain circumstances, may dilute the value of Fund Shares if selling Investors receive proceeds (and buying Investors receive Shares) based upon Net Asset Value which do not reflect appropriate fair value prices. Arbitrage market timers may seek to exploit possible delays between the change in the value of a Fund's portfolio holdings and the Net Asset Value of the Fund's Shares in Funds that hold significant investments in foreign securities because certain foreign markets close several hours ahead of the US markets, and in Funds that hold significant investments in small-cap securities, high-yield ("junk") bonds and other types of investments which may not be frequently traded.

The Company and the Management Company are currently using several methods to reduce the risk of market timing. These methods include:

• reviewing Investor activity for excessive trading and
• committing staff to selectively review on a continuing basis recent trading activity in order to identify trading activity that may be contrary to this Market Timing Trading policy.

Though these methods involve judgments that are inherently subjective and involve some selectivity in their application, the Company seeks to make judgments and applications that are consistent with the interests of the Company's Investors. There is no assurance that the Company or its agents will gain access to any or all information necessary to detect market timing in omnibus holdings. While the Company will seek to take actions (directly and with the assistance of financial intermediaries) that will detect market timing, the Company cannot represent that such trading activity can be completely eliminated.

Revocation of market timing trades. Transactions placed in violation of the Company's Market Timing Trading policy are not necessarily deemed accepted by the Company and may be cancelled or revoked by the Company or the Management Company on the Valuation Days following receipt by the Management Company.

Regular Savings Plans and Regular Withdrawal Plans

Regular Savings Plans and Regular Withdrawal Plans are available for the benefit of Investors in various countries. In the case a Regular Savings Plan is terminated before the agreed final date, the amount of entry charges payable by the relevant Investors may be greater than it would have been in the case of a standard purchase, as detailed in Section "Entry Charge and Contingent Deferred Sales Charge". For further information please contact the Management Company or your local Franklin Templeton Investments office.

The minimum Holding requirement (USD 2,500 or currency equivalent) is waived in respect of Regular Savings Plans and Regular Withdrawal Plans.

Contact Details

Contact details of the Management Company can be found in the section "Administrative Information", on the application form, the Contract Note or the Franklin Templeton Investments Internet site http://www.franklintempleton.lu.

SHARE CLASSES

Share Classes Available

The following Share Classes are or will be issued upon a decision of the Board of Directors.

Class A	Class AS	Class AX	Class B	Class C	Class I	Class N	Class S	Class W	Class X	Class Y	Class Z
Class A acc Class A Mdis Class A Qdis Class A Bdis Class A Ydis	Class AS acc Class AS Mdis Class AS Qdis Class AS Bdis Class AS Ydis	Class AX acc Class AX Mdis Class AX Qdis Class AX Bdis Class AX Ydis	Class B acc Class B Mdis Class B Qdis Class B Bdis Class B Ydis	Class C acc Class C Mdis Class C Qdis Class C Bdis Class C Ydis	Class I acc Class I Mdis Class I Qdis Class I Bdis Class I Ydis	Class N acc Class N Mdis Class N Qdis Class N Bdis Class N Ydis	Class S acc Class S Mdis Class S Qdis Class S Bdis Class S Ydis	Class W acc Class W Mdis Class W Qdis Class W Bdis Class W Ydis	Class X acc Class X Mdis Class X Qdis Class X Bdis Class X Ydis	Class Y acc Class Y Mdis Class Y Qdis Class Y Bdis Class Y Ydis	Class Z acc Class Z Mdis Class Z Qdis Class Z Bdis Class Z Ydis

Unless otherwise stated in the Prospectus, the same terms and conditions apply to the different types of Shares i.e. accumulation (acc), monthly distribution (Mdis), quarterly distribution (Qdis), bi-annually distribution (Bdis) and yearly distribution (Ydis), of the same Share Class.

The difference in the various Share Classes relates to the fee structure and/or the dividend policy applicable to each of them. Shares can be either Distribution or Accumulation Shares. The Board of Directors intends to distribute all of the income attributable to the Distribution Shares. No distribution of dividends shall be made for the Accumulation Shares, however the income attributable will be reflected in the increased value of the Shares. Dividends may be paid monthly, quarterly, bi-annually or annually. Further details are provided in the following sections, as well as in the "Dividend Policy" section.

The purchase proceeds of the various Share Classes of a Fund are invested in one common underlying portfolio of investments but the Net Asset Value of each Share Class will be different as a result of differences in the issue price, fee structure and dividend policy.

Class A Shares are no longer available to direct retail Investors in the UK. Class A Shares will continue to be available for non-advised execution only and discretionary sales in the UK, as well as for current regular subscriptions of existing Investors.

Class AS Shares may only be offered for distribution in Singapore to CPF Investors through distributors, platforms, Brokers/Dealers, professional investors and in limited circumstances to other investors at the discretion of the Principal Distributor. In this context, Class AS Shares may be offered through investment-linked insurance products under the Singapore's CPF Investment Scheme.

Class I Shares are only offered to Institutional Investors as defined from time to time by the guidelines or recommendations of the competent Luxembourg financial supervisory authority (please refer below for the list of qualifying Institutional Investors).

Class N Shares may be offered for distribution in certain countries and/or through certain sub-distributors, Brokers/Dealers and/or professional investors at the discretion of the Principal Distributor, in which case any local supplement to this Prospectus or marketing material, including that used by the relevant intermediaries, will refer to the possibility and terms to subscribe for Class N Shares.

Class S Shares shall only be offered in limited circumstances to selected distributors and/or Brokers/Dealers by invitation and subject to separate agreement for distribution in certain countries and who (i) have separate fee arrangements with their clients and (ii) at the discretion of the Principal Distributor, may be considered wholesale investors by dealing in large volume and/or providing services to other investors. In addition, Class S Shares may be offered to professional investors and/or other investors at the discretion of the Principal Distributor.

Class W Shares may be offered in certain limited circumstances for distribution in certain countries and through distributors, platforms and/or Brokers/Dealers who (i) have separate fee arrangements with their clients and (ii) who, at the discretion of the Principal Distributor, may be considered wholesale investors by dealing in large volume and/or providing services to other investors. In addition, Class W Shares may be offered to professional investors and/or other investors at the discretion of the Principal Distributor. In these cases any local supplement to this Prospectus or marketing material, including that used by the relevant intermediaries, will refer to the possibility and terms to subscribe for Class W Shares.

Class X Shares may only be offered to Institutional Investors as defined from time to time by the guidelines or recommendations of the competent Luxembourg financial supervisory authority (please refer below for the list of qualifying Institutional Investors), in certain limited circumstances, at the discretion of the Management Company or the Investment Manager and its affiliates.
Class X Shares are, inter alia, designed to accommodate an alternative charging structure whereby a fee covering the investment management fees, as contemplated into section "Investment Management Fees", is levied and collected by the Management Company directly from the Investors who are clients of Franklin Templeton Investments and who enter into a specific agreement with the Management Company. These fees will therefore not be payable out of the net assets of the relevant Fund attributable to Class X Shares.
Class X Shares will however bear their pro-rata share of any other applicable expenses such as registrar, transfer, corporate, domiciliary, administration, custodian, audit and regulatory fees and charges as well as any applicable taxes and other charges and expenses as further described in sections "Management Company Remuneration" and "Other Company Charges and Expenses".

Class Y Shares may only be offered to Institutional Investors as defined from time to time by the guidelines or recommendations of the competent Luxembourg financial supervisory authority (please refer below for the list of qualifying Institutional Investors), in certain limited circumstances, at the discretion of the Management Company and/or its affiliates.
Class Y Shares are, inter alia, designed to accommodate an alternative charging structure whereby a fee covering the investment management and the registrar, transfer, corporate, domiciliary and administration fees, as contemplated into sections "Management Company Remuneration" and "Investment Management Fees", is levied and collected by the Management Company directly from the Investors who are clients of Franklin Templeton Investments and who enter into a specific agreement with the Management Company. These fees will therefore not be payable out of the net assets of the relevant Fund attributable to Class Y Shares.
Class Y Shares will however bear their pro-rata share of any other applicable expenses such as custodian, audit and regulatory fees and charges as well as any applicable taxes and other charges and expenses as further described in section "Other Company Charges and Expenses".

Class Z Shares may be offered in certain limited circumstances (i) for distribution in certain countries, (ii) through certain sub-distributors and/or Brokers/Dealers having separate fee arrangements with their clients, and/or (iii) to certain professional investors at the discretion of the Principal Distributor. In these cases any local supplement to this Prospectus or marketing material, including that used by the relevant intermediaries, will refer to the possibility and terms to subscribe for Class Z Shares.

The Company and the Management Company will not issue, execute a switch of or transfer Shares to any Investor who is deemed not to meet the above eligibility requirements. If it is identified at any time that a holder of one or several of the above Share Classes does not qualify, or no longer qualifies, the Management Company or the Company will instruct the Investor to switch such Shares into an eligible Share Class. If a switch is not executed, the Company or the Management Company will redeem and/or switch said Shares in accordance with the conditions and procedures set forth in the Articles.

A complete list of available Shares Classes may be obtained from the Franklin Templeton Investments Internet site http://www.franklintempleton.lu or upon request at the registered office of the Company and the Management Company.

List of Qualifying Institutional Investors

- Institutional investors stricto sensu, such as banks and other regulated professionals of the financial sector, insurance and reinsurance companies, social security institutions and pension funds, charitable institutions, industrial, commercial and financial group companies, all subscribing on their own behalf, and the structures which such Institutional Investors put into place for the management of their own assets.
- Credit institutions and other regulated professionals of the financial sector investing in their own name but on behalf of Institutional Investors as defined above.
- Credit institutions and other regulated professionals of the financial sector established in Luxembourg or abroad which invest in their own name but on behalf of their non-institutional clients on the basis of a discretionary management mandate.
- Collective investment undertakings established in Luxembourg or abroad.
- Holding companies or similar entities, whether Luxembourg-based or not, whose shareholders are Institutional Investors as described in the foregoing paragraphs.

- Holding companies or similar entities, whether Luxembourg-based or not, whose shareholder(s)/ beneficial owner(s) is/are individual person(s) which is/are extremely wealthy and may reasonably be regarded as sophisticated investor(s) and where the purpose of the holding company is to hold important financial interests/investments for an individual or a family.
- A holding company or similar entity, whether Luxembourg based or not, which as a result of its structure and activity has a true substance and holds important financial interests / investments.

Alternative Currency Classes

Share Classes may be offered in the following currencies:

- Australian Dollar (AUD)
- Canadian Dollar (CAD)
- Czech Koruna (CZK)
- Euro (EUR)
- Hong Kong Dollar (HKD)
- Hungarian Forint (HUF)
- Japanese Yen (JPY)
- Norwegian Krone (NOK)
- Polish Zloty (PLN)
- Renminbi (RMB)
- Singapore Dollar (SGD)
- Swedish Krona (SEK)
- Swiss Francs (CHF)
- US Dollar (USD)
- UK Sterling (GBP)

or any other freely convertible currency.

Alternative Currency Classes offered in Renminbi (RMB) will only be available to professional investors and Institutional Investors in jurisdictions where the offer is authorised or lawful. The allotment of Shares in RMB is conditional upon receipt of purchase monies, including any applicable entry charge, which must be paid within four (4) Luxembourg Business Days of the Valuation Day unless the Board of Directors requires cleared funds on or prior to an application being accepted.

The offshore Renminbi market (CNH) rate will be used when determining the Net Asset Value of the Alternative Currency Classes denominated in RMB, not the onshore Renminbi (CNY). The value of CNH could differ, perhaps significantly, from that of CNY due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions applied by the Chinese government from time-to-time as well as other external market forces. Where the term RMB is used in the Prospectus, it refers to the offshore Renminbi market (CNH).

The Net Asset Value of Alternative Currency Share Classes will be calculated and published in the alternative currency and purchase payments for such Classes are to be paid by the Investors, and sale proceeds are paid to selling Investors, in such alternative currency, unless otherwise authorised under the Prospectus. The Company does not currently intend to hedge the currency risks to which these Classes are exposed, except for Hedged Share Classes.

The terms and conditions applicable to the Share Classes available in alternative currency are the same as those which apply for the same Share Classes offered in the base currency.

The Board of Directors may decide to offer an Alternative Currency Share Class in another currency than those mentioned above in which case the Prospectus will be updated.

Hedged Share Classes

In respect of Hedged Share Classes, either the base currency exposure of the Hedged Share Class may be hedged into the Fund Hedged Share Class' alternative currency to reduce exchange rate fluctuations and to reduce return fluctuations (H1), or a hedging strategy may be applied in order to reduce the risk of currency movements between the currency of the Hedged Share Class and other material currencies of the securities and cash held by said Fund (H2). Hedged Share Class using the first methodology will contain the abbreviation H1 in their denomination whereas Hedged Share Class using the second methodology will contain the abbreviation H2.

A third methodology, containing the abbreviation H3 may be applied to those Funds whose investment strategy is based on a currency ("Currency of Return") different from the Funds' base currency. H3 Hedged Share Classes include a hedging strategy which attempts, to the extent possible, to reduce the influence of changes in the exchange rate between the Funds' base currency and the Currency of Return.

Where currency controls imposed by a country's monetary authority prevent free movement of currency ("Restricted Currency"), a fourth hedging methodology, containing the abbreviation H4, may be used. The share class will be denominated in the base currency of the Fund but will hedge the Fund's base currency into the Fund Hedged Share Class' Restricted Currency for investors in that Restricted Currency.

The terms and conditions applicable to the Hedged Share Classes are the same as those which apply for the same Share Classes offered in the base currency, the only difference being the hedging of the Hedged Share Class into the base currency of the Fund.

Entry Charge and Contingent Deferred Sales Charge

Class A Shares and Class AX Shares

- Entry Charge

The price at which Class A and Class AX Shares will be offered is the Net Asset Value per Share, plus an entry charge based on the total amount invested, varying per asset class as follows:

- Equity Funds, Alternative Funds and Balanced Funds: up to 5.75%
- Fixed Income Funds: up to 5.00%
- Liquid Reserve Funds and Money Market Funds: up to 1.50%

Out of this charge the Principal Distributor may make payments to sub-distributors, intermediaries, Brokers/Dealers and/or professional investors, who may include affiliates of Franklin Templeton Investments. The entry charge may be waived in whole or in part by the Principal Distributor either for individual Investors or for particular groups of Investors. The balance of the amount invested after the deduction of any applicable entry charge will then be applied to the purchase of Shares in the relevant Fund.

If in any country in which the Shares are offered, local law or practice requires or permits a lower entry charge or a different maximum than the charge stated above for any individual purchase order, the Principal Distributor may sell Class A and Class AX Shares, and may authorise sub-distributors, intermediaries, Brokers/Dealers and/or professional investors to sell Class A and Class AX Shares, within such country at a total price less than the applicable price set forth above, but in accordance with the amounts permitted by the law or practice of such country.

- Qualified Investments of USD 1 Million or More

In relation to qualified investments of USD 1 million or more in respect of Class A and Class AX Shares, the entry charge may be waived and a Contingent Deferred Sales Charge ("CDSC") of up to 1% may apply if an Investor sells Shares within 18 months after each investment in order to recover commissions paid to sub-distributors, intermediaries, Brokers/Dealers and/or professional investors. The CDSC is up to 1.00% of the total cost of such Shares (exclusive of reinvested dividends distributions), and is retained by the Principal Distributor. The way this charge is calculated is more fully described in the section "Calculation of CDSC".

Qualified investments are investments made either as a lump sum or through cumulative orders of the Investor, his spouse, his children and/or grandchildren if they are under the age of 18. For the purpose of the application of the qualified investments rules, shareholdings in other investment funds offered by Franklin Templeton Investments may be combined at the Investor's request. Information on the investment funds which shares may be combined, and details of the procedure, terms and conditions applicable may be obtained from the Management Company upon request.

No switch with Shares of other Classes will be allowed for Shares subject to such contingent deferred sales charge.

Class AS Shares

The price at which Class AS Shares will be offered is the Net Asset Value per Share, plus an entry charge of up to 3.00% of the total amount invested. This entry charge will apply for all different asset classes. Out of this charge the Principal Distributor may make payments to sub-distributors, intermediaries, Brokers/Dealers and/or professional investors, who may include affiliates of Franklin Templeton Investments. The entry charge may be waived in whole or in part by the Principal Distributor either for individual Investors or for particular groups of Investors. The balance of the amount invested after the deduction of any applicable entry charge will then be applied to the purchase of Shares in the relevant Fund.

Class B Shares

The price at which Class B Shares will be offered is the Net Asset Value per Share. Purchases of Class B Shares are not subject to an entry charge. However, Class B Shares are subject to a CDSC of up to 4% if an Investor sells Shares within four (4) years of purchase. The way this charge is calculated is more fully described in the section "Calculation of CDSC".

Starting from January 2011, Class B Shares will be automatically converted into Class A Shares of the same Fund free of charge on the monthly scheduled conversion date fixed by the Management Company upon or following the expiry of 84 months after the date of their purchase. As a result, the terms and other conditions applicable to such Shares shall become those applicable to Class A Shares.

Class C Shares

The price at which Class C Shares will be offered is the Net Asset Value per Share. Purchases of Class C Shares are not subject to an entry charge. However, Class C Shares are subject to a CDSC of 1.00% if an Investor sells Shares within one (1) year of purchase. The way this charge is calculated is more fully described in the section "Calculation of CDSC".

Class N Shares

- Entry Charge

The price at which Class N Shares will be offered is the Net Asset Value per Share, plus an entry charge of up to 3.00% of the total amount invested. This entry charge will apply for all different asset classes. Out of this charge the Principal Distributor may make payments to sub-distributors, intermediaries, Brokers/Dealers and/or professional investors, who may include affiliates of Franklin Templeton Investments. The entry charge may be waived in whole or in part by the Principal Distributor either for individual Investors or for particular groups of

Investors. The balance of the amount invested after the deduction of any applicable entry charge will then be applied to the purchase of Shares in the relevant Fund.

If in any country in which the Shares are offered, local law or practice requires or permits a lower entry charge or a different maximum than the charge stated above for any individual purchase order, the Principal Distributor may sell Class N Shares, and may authorise sub-distributors, intermediaries, Brokers/Dealers and/or professional investors to sell Class N Shares, within such country at a total price less than the applicable price set forth above, but in accordance with the amounts permitted by the law or practice of such country.

Class I, S, W, X, Y and Z Shares

The price at which Class I, S, W, X, Y and Z Shares will be offered is the Net Asset Value per Share. Purchases of Class I, S, W, X, Y and Z Shares are neither subject to an entry charge nor CDSC.

Calculation of CDSC

The CDSC applicable for qualifying A and AX Shares is based on the Net Asset Value of the Shares when purchased. The CDSC for applicable B and C Shares is based on the Net Asset Value of the Shares being sold or their Net Asset Value when purchased, whichever is less. The calculation is made based on the relevant currency of the Shares being sold. There is no CDSC on Shares acquired through reinvestment monies. To keep the CDSC as low as possible, each time an instruction to sell Shares is placed, any Shares in the Investor's Holding not subject to a CDSC will be sold first. If there are not enough of these to meet the request, additional Shares will be sold in the order they were purchased. The amount of the CDSC is calculated by multiplying the percentages indicated in the chart displayed in Appendix E by the Net Asset Value of the Shares being sold or their Net Asset Value when purchased, whichever is applicable.

The holding period for the purposes of applying a CDSC on Shares of a particular Fund acquired through a switch of Shares from another Fund will be measured from the date that such Shares were initially acquired in the other Fund.

Amounts assessed as a CDSC are paid to the Principal Distributor, or such other party as the Company may from time to time appoint to defray distribution costs incurred by the Principal Distributor or such other party. The CDSC may be waived in whole or in part by the Principal Distributor and/or such other party at its discretion either for individual Investors or for particular groups of Investors. The Company has committed to pay to the Principal Distributor or the relevant third party the CDSC at the rates set forth in appendix E of this Prospectus net of any taxes. In case any taxes would be payable on said amounts, the amount of CDSC would be increased in a manner to ensure that the agreed amounts are paid net to the Principal Distributor or relevant third party. The Board of Directors has, at the date of this Prospectus, no reason to believe that any taxes are due or levied on the CDSC.

The Net Asset Value of the Shares being sold will be used as a basis for the calculation of the CDSC in respect of Shares sold through specific authorised Canadian distributors and shall be specified in documentation to be provided by these distributors to Investors prior to purchase.

Specific features of Share classes

Specific features of the Share classes offered are provided in the table below.

Share Class Overview	Class A	Class AS	Class AX	Class B	Class C	Class N	Class S	Class I	Class W	Class X	Class Y	Class Z
Investor Category	Retail Institutional	Retail Institutional	Retail Institutional	Retail Institutional	Retail Institutional	Retail Institutional	Retail Institutional	Institutional	Retail Institutional	Institutional	Institutional	Retail Institutional
Minimum Investment	USD 5,000	USD 5,000	USD 5,000	USD 5,000	USD 5,000	USD 5,000	Details available from the Company or the Management Company	USD 5,000,000*	USD 3,000,000	Details available from the Company or the Management Company	Details available from the Company or the Management Company	USD 5,000
Subsequent Investment	USD 1,000	USD 1,000	USD 1,000	USD 1,000	USD 1,000	USD 1,000	Details available from the Company or the Management Company	USD 1,000	USD 1,000	Details available from the Company or the Management Company	Details available from the Company or the Management Company	USD 1,000

* except for the Franklin U.S. Government Fund which has a minimum initial investment of USD 1,000,000 and the Franklin Global Corporate High Yield Fund which has a minimum initial investment of USD 20,000,000, or the equivalent in any other freely exchangeable currency

HOW TO PURCHASE SHARES

How to Apply

Prospective Investors should complete an application form and send it together with applicable identification documents (as detailed in the application form) to the Management Company in order to purchase Shares for the first time. Applications may also be accepted by telephone, facsimile, or electronic request if expressly allowed by the Management Company. The Management Company may request the original signed application form and identification documentation to be mailed, in which case it may delay the processing of the application form until their receipt. Applications will be accepted at the discretion of the Board of Directors or the Management Company.

Processing of all application forms received by a relevant Distributor will only commence once they have been forwarded to the Management Company or to a Distributor duly authorised in writing.

In addition, Investors should provide the documentation required for anti-money laundering and terrorist financing purposes and as more fully described in the section "Anti-Money Laundering and Counter-Terrorist Financing Legislation".

The Company or the Management Company reserves the right to require additional information and/or confirmation from the Investor for large purchases into Class B and Class C Shares, which may result in a delay in the processing of the investment until receipt of the requested information/confirmation. Institutions acting as Nominee are permitted to purchase Class B and Class C Shares in their own name on behalf of Investors provided that they have received explicit prior approval from the Management Company to do so and do apply an agreed procedure to monitor the aging of these Shares.

By applying for Class I, X and/or Class Y Shares, Investors represent to the Company and the Management Company that they qualify as one or more of the types of Institutional Investor(s) as listed in section "Share Classes" and undertake to indemnify the Company, the Management Company and/or any other entity of Franklin Templeton Investments against any and all damages, losses, costs or other expenses they may incur as a result of acting in good faith of such a representation.

Each Investor will be given a personal Investor Portfolio Number which should be quoted, along with any relevant transaction references where applicable, whenever contacting the Company and/or the Management Company.

Instructions to Purchase

Initial purchase instruction for Shares should be made on the standard application form. For subsequent purchase in an existing Investor Portfolio, no further application form is required. However, private individual Investors instructing Franklin Templeton Investments directly without using Brokers/Dealers will need to complete and sign a standard purchase form (available from our website or upon request). Any subsequent instruction to purchase Shares may be made by telephone, facsimile or electronic request, if expressly allowed by the Management Company. The Management Company may request a written and duly signed confirmation of the subsequent purchase instructions which may result in delay in the processing of the investment until receipt of the requested written confirmation. Subsequent purchase instructions will be accepted at the discretion of the Board of Directors or the Management Company.

The relevant KIID must be provided to Investors prior to purchasing Shares. Where applicable, Brokers/Dealers are responsible for providing Investors with the appropriate KIID. Please always contact your Broker/Dealer before purchasing Shares. If you do not have a Broker/Dealer you should contact the Management Company or your local Franklin Templeton Investments office which will provide you with an electronic or paper copy of the relevant KIID.

Subsequent purchase instructions should be duly signed and:

(a) state the name of the Fund(s), the Share Class, the Share Class ISIN code (available on the Franklin Templeton Investments Internet site http://www.franklintempleton.lu) and number of Shares applied for in the Fund(s) (the number of Shares should be stated both in numbers and in words) or the amount (in numbers and in words) to be invested (which should include provision for any applicable entry charge) - Investors are informed that instructions for the Franklin Euro Short-Term Money Market Fund can only indicate the amount to be invested (orders based on Share amounts are not acceptable);

(b) state how payment has been or will be made; and

(c) confirm that the relevant KIID has been provided.

If there is any discrepancy between the name of the Fund(s), the Share Class, the Share Class ISIN code or the currency of the Fund(s) Share Class quoted in the instruction, the order will be executed on the basis of the ISIN code quoted.

If any purchase instruction is not accepted in whole or in part, the purchase monies will be returned to the Investor at the risk and cost of the Investor.

An Investor may not withdraw his request for purchase except in the event of a suspension of the valuation of the assets of the Company (see Appendix D) and, in such event, a withdrawal of a purchase instruction will be effective only if written notification is received by the Management Company before termination of the period of suspension. Purchase monies will be returned to the Investor in such circumstances.

Investors should note that Class B and Class C Shares in the Franklin U.S. Dollar Liquid Reserve Fund will be issued only in exchange for Class B and Class C Shares respectively in another Fund. Investors should refer to the section "How to Switch Shares" for details of any restrictions in relation to switching Shares.

Neither the Company nor the Management Company shall be responsible or liable to any applicant or Investor for any loss resulting from the non-receipt of any application form or purchase instruction by whichever method it is sent (including non-receipt of facsimile application forms).

Purchase Price

At launch date, Shares of the Fund are generally offered at USD 10, or currency equivalent (plus any applicable entry charge) of the total amount invested. From launch date onwards and for purchase instructions received and accepted by the Management Company for any Dealing Day before the applicable Dealing Cut-Off Time (as described in Appendix A), Shares will be issued at the relevant Net Asset Value per Share determined on this Dealing Day (plus any applicable entry charges). Purchase monies may be required to be received by the

Management Company or the relevant Distributor in cleared funds prior to processing of the instruction. In such case, the instruction will be processed on the basis of the Net Asset Value per Share determined on the Valuation Day when such funds are received by the Management Company (plus any applicable entry charge).

A complete instruction for the purchase of Shares received and accepted by the Management Company or by a duly authorised Distributor on a Dealing Day after the applicable Dealing Cut-Off Time will be dealt with on the basis of the Net Asset Value per Share of the relevant Share Class determined on the next Valuation Day (plus any applicable entry charge).

The Net Asset Value per Share will be calculated as detailed in the section "Calculation of the Net Asset Value" in Appendix D.

The Company and/or the Management Company will inform the registered Shareholder of the price at which the Shares have been issued on their Contract Note (refer to "Contract Note" section).

How to Pay

The Company and the Management Company do not accept payments in cash, traveller's cheques or non-bank money orders. Payments should normally be made by electronic bank transfer to the bank account set forth by the Principal Distributor (as detailed in the application form). Payments can be made in the currency of the Share Class. However, an Investor may, in certain instances as permitted by the Management Company, provide for payment in any other freely exchangeable currency, in which case, the necessary foreign exchange transaction will be arranged on behalf of, and at the expense of, the Investor. Investors are advised that payments made in any other freely exchangeable currency may be delayed until the next Valuation Day to allow for currency conversion.

The Board of Directors is authorised to accept purchase of Shares in whole or in part in specie, having due regard to the requirements prescribed by the laws of the Grand Duchy of Luxembourg. In the event the Investor is unable to provide clear title on the assets the Company has the right to bring an action against the defaulting Investor.

The allotment of Shares is conditional upon receipt of purchase monies, including any applicable entry charge, which must be paid within five (5) Luxembourg Business Days of the Valuation Day unless the Board of Directors requires cleared funds on or prior to an application being accepted. Shares which remain unsettled for a period of thirty (30) days may be cancelled. In such circumstances, the Company and the Management Company have the right to bring an action against the defaulting Investor to obtain compensation for any loss directly or indirectly resulting from the failure by the Investor to make good settlement by the settlement date.

Where payments are made by electronic transfer or bank wire, the Management Company shall not be responsible for reconciling remittances of purchase monies where problems occur in the transmission, or as a result of inadequate or incorrect details on the transfer instructions. Bank charges in connection with an electronic transfer may be deducted from the proceeds of the transfer by the remitting bank, correspondents, agents or sub-agents, and the receiving bank may also deduct bank charges from such remittance.

HOW TO SELL SHARES

Instructions to Sell

Shares of any Class in any Fund can be sold on any Dealing Day. Instructions to sell Shares should be submitted to the Management Company in writing or, if expressly permitted, by telephone, facsimile or electronic means. In the event of joint Investor Portfolios all instructions must be signed by all Investors except where sole signatory authority has been granted or where a power of attorney has been communicated to the Management Company. If an instruction has not been submitted in writing, the Management Company may request a written and duly signed confirmation of such instruction, in which case it may delay the processing of the instruction until receipt of the written and duly signed confirmation.

Where a certificate has been issued in the name(s) of the Shareholder(s), the Board of Directors may require that such Share certificate, duly endorsed, be returned to the Management Company prior to the transaction being effectuated at any applicable Net Asset Value and therefore prior to payment being made.

The instruction must contain details of the personal Investor Portfolio Number, the Fund name, the Share Class(es) including ISIN code (available on the Franklin Templeton Investments Internet site http://www.franklintempleton.lu), the number/value of Shares to be sold, the settlement currency and the bank details. If there is any discrepancy between the name of the Fund(s), the Share Class, the Share Class ISIN code or the currency of the Share Class quoted in the instruction, the instruction will be executed on the basis of the ISIN code quoted.

Any instruction to sell Shares may not be executed until any previous transaction involving the Shares to be sold has been completed and settled.

If the instruction would result in a Holding balance being less than USD 2,500 (or currency equivalent), the Company and/or the Management Company may redeem such Holding balance and pay the proceeds to the Investor.

The Company reserves the right not to be bound to accept the sale or switch on any Valuation Day more than 10% of the value of the Shares of any Fund. In these circumstances the sale of the Shares may be deferred for a period not exceeding ten (10) Luxembourg Business Days. These instructions to sell will be executed in priority to later instructions.

Neither the Company nor the Management Company shall be responsible or liable to any Investor for any loss resulting from the non-receipt of any instruction to sell, by whichever method it is sent.

An Investor may not withdraw an instruction to sell Shares except in the event of a suspension of the valuation of the assets of the Company (see Appendix D) and, in such event, a withdrawal of the instruction to sell will be effective only if written notification is received by the Management Company before termination of the period of suspension. If the instruction is not so withdrawn, the sale of the Shares will be made on the next Valuation Day following the end of the suspension.

Sale Price

A complete instruction to sell received and accepted by the Management Company or by a duly authorised Distributor on any Dealing Day before the applicable Dealing Cut-Off Time (as described in Appendix A) will be dealt with on the basis of the Net Asset Value per Share of the relevant Share Class determined on this Dealing Day (less any applicable CDSC).

A complete instruction to sell received and accepted by the Management Company or by a duly authorised Distributor on a Dealing Day after the applicable Dealing Cut-Off Time (as described in Appendix A) will be dealt with on the basis of the Net Asset Value per Share of the relevant Share Class determined on the next Valuation Day (less any applicable CDSC).

The Net Asset Value per Share will be calculated on the basis detailed in the section "Calculation of the Net Asset Value" in Appendix D.

Payment of Sale Proceeds

Payment for Shares sold will be made within five (5) Luxembourg Business Days after the instruction to sell has been received in good order and accepted by the Management Company and will normally be made in the Share Class currency by electronic bank transfer of funds unless otherwise instructed. Payment may also be made in any freely exchangeable currency if requested within the instruction, at the cost and risk of the Investor.

If, in exceptional circumstances as described in Appendix D, the liquidity of the Fund does not permit payment of sale proceeds within five (5) Luxembourg Business Days from the relevant Valuation Day, the sale proceeds will be paid as soon as reasonably practicable but without interest.

The Board of Directors is also authorised to extend the period for payment of sale proceeds to such period, not exceeding thirty (30) Luxembourg Business Days (shorter periods may however apply in some jurisdictions), as may be required by settlement and other constraints prevailing in the financial markets of countries in which a substantial part of the assets attributable to any Fund shall be invested, and this exclusively with respect to those Funds of the Company of which the investment objectives and policies provide for investments in equity securities of issuers in developing countries (namely the Franklin India Fund, the Franklin MENA Fund, the Templeton Africa Fund, the Templeton ASEAN Fund, the Templeton Asian Growth Fund, the Templeton Asian Smaller Companies Fund, the Templeton BRIC Fund, the Templeton China Fund, the Templeton Eastern Europe Fund, the Templeton Emerging Markets Fund, the Templeton Emerging Markets Balanced Fund, the Templeton Emerging Markets Bond Fund, the Templeton Frontier Markets Fund, the Templeton Korea Fund, the Templeton Latin America Fund and the Templeton Thailand Fund).

All payments are made at the Investor's risk with no responsibility on the part of the Distributors, the Investment Managers, the Management Company and/or the Company.

Sale Fees and Charges

Payments for Shares sold may be subject to a CDSC if the Shares are sold within a defined number of years from the issue of the Shares. Full details of CDSC are provided in the section "Share Classes" and Appendix E of this Prospectus.

Sale in Specie

With the prior consent of the Investor(s) concerned, and having due regard to the principle of equal treatment of Shareholders, the Board of Directors may satisfy the payment of sale proceeds in whole or in part in specie by allocating to the selling Investor(s) portfolio securities of the relevant Fund equal in value to the Net Asset Value of the Shares being sold.

Physical Bearer Shares

An instruction to sell Physical Bearer Shares must be submitted with the relevant certificate(s) and unmatured coupons to the Management Company. The Company will not issue new Physical Bearer Shares in the event of a remaining balance.

HOW TO SWITCH SHARES

A switch is a transaction to convert an Investor’s Holding in a Share Class into another Share Class within the same Fund or the same Share Class or another Share Class in different Funds. The transaction is executed by selling Shares in the original Share Class followed by purchasing Shares in the new Share Class provided that the Investor’s Holding meets the minimum investment requirements for both the existing and the new Fund or Share Class.

Investors may, under certain circumstances, switch Shares of the Company into Shares or units of certain other investment funds of Franklin Templeton Investments having a similar sales charge structure including same percentage of CDSC over the same period of time. Information on the investment funds into which Shares may be switched, and details of the procedure, terms and conditions for switch may be obtained from the Management Company upon request.

Class A and AX Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class A and Class AX Shares can be switched with Shares in any other Fund or Share Class subject to meeting Investor qualification criteria for that Share Class.

Class A Shares and Class AX Shares subject to a CDSC can only be switched with Class A or Class AX Shares subject to the same CDSC. The aging of the Shares will be carried over to the new Share Class and no CDSC is payable at the time of such switch.

Class AS Shares

Class AS Shares can only be switched with Class AS Shares of another Fund which continues to issue Class AS Shares of the same currency and subject to such conditions imposed by the CPF Board from time to time.

Class B Shares

Class B Shares can only be switched with Class B Shares of another Fund which continues to issue Class B Shares of the same currency and subject to the same CDSC. The aging of the Shares will be carried over to the new Share Class and no CDSC is payable at the time of such switch. No other Share Class is permitted to switch into Class B Shares.

Attention of Investors is drawn to this restriction that may limit their possibility to acquire Shares of another Fund through switching because Class B Shares are not available in all Funds and the further issue of Class B Shares of the same currency of any Fund may be suspended at any time by the Board of Directors.

Class C Shares

Class C Shares can only be switched with Class C Shares of another Fund which continues to issue Class C Shares of the same currency and subject to the same CDSC. The aging of the Shares will be carried over to the new Share Class and no CDSC is payable at the time of such switch. No other Share Class is permitted to switch into Class C Shares.

Attention of Investors is drawn to this restriction that may limit their possibility to acquire Shares of another Fund through switching because Class C Shares are not available in all Funds and the further issue of Class C Shares of the same currency of any Fund may be suspended at any time by the Board of Directors.

Class I Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class I Shares can be switched with Shares in any other Fund or Share Class. Only Institutional Investors can switch their Shares into Class I Shares.

Class N Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class N Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for that Share Class.

Class S Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class S Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for that Share Class. Switching into Class S Shares is only permitted to Investors instructing through certain distributors, Brokers/Dealers and/or professional investors which fulfil the Class S Shares eligibility requirements and having separate fee arrangements with their clients and who at the discretion of the Principal Distributor are considered wholesale investors providing financial services to other financial institutions, rather than to individuals.

Class W Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class W Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for that Share Class. Switching into Class W Shares is only permitted to Investors instructing through certain sub-distributors, Brokers/Dealers and/or professional investors having separate fee arrangements with their clients and who at the discretion of the Principal Distributor are considered wholesale investors, i.e. intermediaries (such as platforms) providing financial services to other financial institutions, rather than to individuals.

Class X Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class X Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for that Share Class. Only Institutional Investors can switch their Shares into Class X Shares, subject to the conditions laid down in section "Share Classes".

Class Y Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class Y Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for that Share Class. Only Institutional Investors can switch their Shares into Class Y Shares, subject to the conditions laid down in section "Share Classes".

Class Z Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class Z Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for that Share Class. Switching into Class Z Shares is only permitted (i) to Investors instructing through certain sub-distributors and/or dealers having separate fee arrangements with their clients, and/or (ii) to professional investors at the discretion of the Principal Distributor.

Instructions to Switch

An instruction to switch Shares should be submitted to the Management Company in writing or, if expressly permitted, by telephone, facsimile or electronic means. In the event of joint Investor Portfolios all instructions must be signed by all Investors, except where sole signatory authority has been granted or where a power of attorney has been communicated to the Management Company. If an instruction is not submitted in writing, the Management Company may request a written and duly signed confirmation of such instruction in which case it may delay the processing of the instruction until receipt of the written and duly signed confirmation.

No application form is required for Switching Shares. However, private individual Investors instructing Franklin Templeton Investments directly without using Brokers/Dealers will need to complete and sign a standard switch form (available from our website or upon request). The relevant KIID must be provided to Investors prior to switching their Shares. Where applicable, Brokers/Dealers are responsible for providing Investors with the appropriate KIID. Please always contact your Broker/Dealer before switching Shares. If you do not have a Broker/Dealer you should contact the Management Company or your local Franklin Templeton Investments office which will provide you with an electronic or paper copy of the relevant KIID.

The instruction must contain details of the personal Investor Portfolio Number and the number/value of Shares to be switched between named Funds and Share Classes including the ISIN codes (available on the Franklin Templeton Investments Internet site http://www.franklintempleton.lu) and the confirmation that the relevant KIID has been provided. If there is any discrepancy between the name of the Fund(s), the Share Class, the Share Class ISIN code or the currency of the Share Class quoted in the instruction, the instruction will be executed on the basis of the ISIN code quoted. Investors may switch Shares on any Dealing Day.

The minimum initial investment in the new Fund is USD 2,500 (or currency equivalent). Any instruction which would result in a Holding balance being less than USD 2,500 (or currency equivalent) may not be executed.

Any instruction to switch Shares may not be executed until any previous transaction involving the Shares to be switched has been completed and settled. Where the sale is settled prior to the purchase, the sale proceeds will remain in the Company’s collection bank account pending settlement of the purchase. No interest will accrue to the benefit of the Investor.

Any instruction to switch Shares between Funds denominated in differing currencies will be executed on the same Valuation Day. However, in exceptional circumstances, the Company or the Management Company may, at its own discretion, require one (1) additional Business Day in order to process the switch transactions. The Company reserves the right not to be bound to switch on any Valuation Day more than 10% of the value of the Shares of any Fund. In these circumstances the switch may be deferred for a period not exceeding ten (10) Business Days. These instructions to switch will be executed in priority to later instructions.

In certain limited circumstances as well as for distributions in certain countries and/or through certain sub-distributors and/or professional investors, the Company or the Management Company may require one (1) additional Business Day in order to process switch transactions. The additional day may be required for operational reasons in cases where the Fund is in scope of the European Savings Directive and where withholding tax applies and requires to be calculated and factored into the calculation of the number of Shares that the Investor will become entitled to in the new Fund or where currency conversion is required.

An Investor may not withdraw an instruction to switch Shares except in the event of a suspension of the valuation of the assets of the Company (see Appendix D) and, in such event, a withdrawal of the instruction to switch will be effective only if written notification is received by the Management Company before termination of the period of suspension. If the instruction is not so withdrawn, the switch of the Shares will be made on the next Valuation Day following the end of the suspension.

Switch Price

A complete switch instruction received and accepted by the Management Company or by a duly authorised Distributor on any Dealing Day before the applicable Dealing Cut-Off Time (as described in Appendix A), will be dealt with on the basis of the Net Asset Value per Share of the relevant Share Class determined on this Dealing Day.

A complete switch instruction received and accepted by the Management Company or by a duly authorised Distributor on a Dealing Day after the applicable Dealing Cut-Off Time, will be dealt with on the basis of the Net Asset Value per Share of the relevant Share Class determined on the next Valuation Day.

The number of Shares issued will be based upon the respective Net Asset Value of the Shares of the two relevant Funds or Share Classes on the relevant Valuation Day(s).

Switch Fees and Charges

A switch charge of up to 1.00% of the value of the Shares to be switched may be applied for distribution in certain countries and/or through certain Distributors and/or professional investors. Such charge shall be automatically deducted when the number of Shares is calculated and paid by the Company.

In certain circumstances a switch from any one Fund or Share Class will necessitate a fee equivalent to the difference between the two levels of entry charges unless the Investor, as a result of prior switches, has already paid the entry charge rate differential.

It is currently anticipated that any switch charge or entry charge rate differential will be paid to the Principal Distributor, who may, in turn, pay a portion of each differential to Distributors, intermediaries, Brokers/Dealers and/or professional investor. However, the entry charge rate differential may be waived at the discretion of the Company and/or the Management Company.

Physical Bearer Shares

An instruction for the switch of Physical Bearer Shares must be submitted with the relevant certificate(s) and unmatured coupons to the Management Company. Following the completion of the switch the Company will not issue new Physical Bearer Shares.

Tax

Switches of Shares will be treated as a taxable event under the provisions of the European Savings Directive (see section "Taxation of Investors"). As a result, tax may be withheld in respect of switches of Shares out of the original Fund.

HOW TO TRANSFER SHARES

A transfer is a transaction for the purpose of transferring an Investor Holding to another Investor.

The transfer of Shares shall be effected by delivery to the Management Company of an instruction of transfer or a duly signed Share transfer form together with, if issued, the relevant Share certificate to be cancelled. The instruction must be dated and signed by the transferor(s), and if requested by the Company and/or the Management Company also signed by the transferee(s), or by persons holding suitable powers of attorney to act therefore. Transfer of Physical Bearer Shares also requires delivery of the relevant certificate.

Acceptance of the transfer by the Management Company will be subject to the transferee(s) having an accepted application by the Company, and meeting all Fund and Share Class eligibility requirements.

Any request to transfer Shares will only be executed once any previous transaction involving the Shares to be transferred has been completed and full settlement on those Shares received.

If the transfer instruction would result in a Holding balance being less than USD 2,500 (or currency equivalent) the Company and/or the Management Company may redeem such Holding balance and pay the proceeds to the Investor.

Transfer of Shares will be effected in accordance with the Luxembourg Stock Exchange regulations.

The Shares are freely transferable. The Articles provide that the Board of Directors is entitled to impose restrictions as they may think necessary for the purposes of ensuring that no Shares are acquired or held by (a) any person in violation of or subject to the applicable laws or regulations of any country or government authority or (b) any person in circumstances which, in the opinion of the Board of Directors, might result in the Company incurring any liability of taxation or suffering any other disadvantage which the Company might not otherwise have incurred.
The Shares transferred may be subject to specific conditions, including CDSC. Investors should ensure that they are aware of all specific conditions applicable to such Shares.

DIVIDEND POLICY

In respect of all Funds which issue Distribution Shares, it is the intention of the Board of Directors to distribute substantially all of the income attributable to the Distribution Shares. Subject to any legal or regulatory requirements, dividends may also be paid out of the capital of such Funds. Subject to any legal or regulatory requirements, the Board of Directors reserves the right to introduce new Share Classes, which may retain and re-invest their net income.

Annual dividends may be declared separately in respect of each Fund at the Annual General Meeting of Shareholders.

Interim Share dividends may be paid upon a decision of the Board of Directors and/or the Management Company in relation to any of the Funds.

It is anticipated that distributions will be made under normal circumstances as set out in the table below:

Share type	Share name	Payments
Accumulation Shares	A (acc), AS (acc), AX (acc), B (acc), C (acc), I (acc), N (acc), S (acc), W (acc), X (acc), Y (acc) and Z (acc)	No distribution of dividends shall be made but the net income attributable will be reflected in the increased value of the Shares
Distribution Shares	A (Mdis), AS (Mdis), AX (Mdis), B (Mdis), C (Mdis), I (Mdis), N (Mdis), S (Mdis), W (Mdis), X (Mdis), Y (Mdis) and Z (Mdis)	Under normal circumstances it is anticipated that distribution will be made monthly (following the end of each month)
	A (Qdis), AS (Qdis), AX (Qdis), B (Qdis), C (Qdis), I (Qdis), N (Qdis), S (Qdis), W (Qdis), X (Qdis), Y (Qdis) and Z (Qdis)	Under normal circumstances it is anticipated that distribution will be made quarterly (following the end of each calendar quarter)
	A (Bdis), AS (Bdis), AX (Bdis), B (Bdis), C (Bdis), I (Bdis), N (Bdis), S (Bdis), W (Bdis), X (Bdis), Y (Bdis) and Z (Bdis)	Under normal circumstances it is anticipated that distribution will be made bi-annually (normally in June and in December each year)

	A (Ydis), AS (Ydis), AX (Ydis), B (Ydis), C (Ydis), I (Ydis), N (Ydis), S (Ydis), W (Ydis), X (Ydis), Y (Ydis) and Z (Ydis)	Under normal circumstances it is anticipated that distribution will be made yearly (normally in July/August each year)

In order to receive dividends on Distribution Shares, Investors must be registered as holders of such Distribution Shares on the register of Shareholders on the Valuation Day determined by the Company as being the distribution accounting date.

Dividends of registered Distribution Shares will normally be reinvested in the purchase of further Distribution Shares of the Fund and Share Class to which such dividends relate, unless otherwise stated in the application form. Such further Distribution Shares will be issued on the ex-dividend date. The price will be calculated in the same way as for other issues of Shares of that Fund on the Valuation Day on which the price of the Distribution Shares of that Fund goes ex-dividend. Fractional Shares will be rounded to three decimal places. No entry charge will be payable. Investors not wishing to use this reinvestment facility should complete the appropriate section of the application form. In the event that cash dividends are payable they will be paid to holders of registered Distribution Shares who have elected to receive dividends in cash, payment normally being made by transfer of funds. However, the Board of Directors may decide that any dividend below USD 50 (or currency equivalent) will be reinvested in further Shares of the same Share Class instead of being paid directly to the Investors. Dividends to be paid in any other freely exchangeable currency will be converted at the Investor's expense.

Dividends on Physical Bearer Shares will be paid at the offices of the Principal Paying Agent in Luxembourg or at the offices of any local Paying Agent designated in the dividend announcement. Dividends will be announced (together with the name(s) and address(es) of the Principal Paying Agent and/or local paying agent(s)) in the newspapers, on the Internet site: http://www.franklintempleton.lu or on any Internet site which the Board of Directors may from time to time determine. As from 18 February 2015, dividends payments will be suspended in relation to Physical Bearer Shares that have not been deposited and registered with Franklin Templeton International Services S.à r.l.

When dividends of USD 250 (or currency equivalent) or less cannot be paid to a registered Investor due to missing data or payment unable to be effected, the Company or the Management Company reserves the right, unless otherwise disclosed in a local supplement to the Prospectus, to automatically re-invest such dividends and any subsequent dividends to be paid in the purchase of further Distribution Shares of the Fund and Share Class to which such dividends relate until receipt of instructions in good order from the Investor.

If a dividend has been declared but not paid within a period of five (5) years, the Company will, as it is entitled to do under the laws of the Grand Duchy of Luxembourg, declare the dividend forfeited and such unpaid dividend will accrue for the benefit of the relevant Fund.

In respect of each dividend declared, the Board of Directors and/or the Management Company may determine if, and to what extent, such dividend is to be paid out of realised and unrealised capital gains and in the case of Funds which distribute income gross of expenses from initially subscribed capital, regardless of capital losses, increased or decreased, as the case may be, by the portion of net investment income and capital gains attributable to Shares issued and to Shares redeemed.

It should be remembered that dividend distributions are not guaranteed, that the Funds do not pay interest and that the price of Shares in the Funds and any income earned on the Shares may go down as well as up. It should also be remembered that any dividend distribution lowers the value of the Shares in the Funds by the amount of the distribution. Future earnings and investment performance can be affected by many factors, including changes in exchange rates, not necessarily within the control of the Company, its Board of Directors, officers, the Management Company or any other person. No guarantees as to future performance of, or future return from, the Company can be given by the Company itself, or by any Director or officer of the Company, by the Management Company, by Franklin Templeton Investments, or any of its worldwide affiliates, or by any of their directors, officers or employees.

Equalisation of Income

The Funds use an accounting practice known as equalisation, by which a portion of the proceeds from issues and the costs of sale of Shares, equivalent on a per Share basis to the amount of undistributed net investment income on the date of the transaction, is credited or charged to undistributed income. As a result, undistributed net investment income per Share is unaffected by issues or redemptions of Shares. However, in respect of any Fund offering only Accumulation Shares, the Board of Directors and/or the Management Company reserve the right not to apply equalisation.

MANAGEMENT COMPANY REMUNERATION

Franklin Templeton International Services S.à r.l., for performing, as Management Company, registrar and transfer, corporate, domiciliary and administrative functions for the Company will receive as remuneration from the Company an annual fee of up to 0.20% of the Net Asset Value of the relevant Share Class, an additional amount (consisting of a fixed and variable component) per Investor Holding at the relevant Class level over each one (1) year period, and a fixed amount per year to cover part of its organisational expenses. Such remuneration will be calculated and accrued daily and will be paid monthly in arrears.

INVESTMENT MANAGEMENT FEES

The Management Company receives from the Company a monthly investment management fee equivalent to a certain percentage per annum of each Fund's adjusted daily net assets during the year. Details of investment management fees are provided in Appendix E. The Investment Managers will be remunerated by the Management Company out of the investment management fee received from the Company.

In certain Company-related documents and/or electronic media, the relevant aforementioned investment management fee plus maintenance charges and/or servicing charges where applicable to a Share Class may be combined and expressed as an "annual management charge" for ease of administration/comparison.

The Management Company and/or the Investment Managers may, from time to time, pay a part of the investment management fee to various sub-distributors, intermediaries, brokers, professional investors and/or assimilated entities, which may or may not be part of Franklin Templeton Investments. Such payments are intended to compensate such sub-distributors, brokers or other intermediaries for providing distribution or other services to the Investors, including but not limited to the enhancement of the communication of ongoing information to Investors, the transaction processing or other shareholder and/or administrative services. Any request for additional information regarding any such payments should be addressed by the Investors to their relevant intermediaries.

Consistent with obtaining best execution, brokerage commissions on portfolio transactions for the Company may be directed by the Investment Managers to Brokers/Dealers in recognition of research services furnished by them as well as for services rendered in the execution of orders by such Brokers/Dealers. The receipt of investment research and information and related services permits the Investment Managers to supplement their own research and analysis and makes available to them the views and information of individuals and research staffs of other firms. Such services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payment, which are paid by the Investment Managers.

The Investment Managers may enter, with Brokers/Dealers that are entities and not individuals, into soft commission arrangements only where there is a direct and identifiable benefit to the clients of the Investment Managers, including the Company, and where the Investment Managers are satisfied that the transactions generating the soft commissions are made in good faith, in strict compliance with applicable regulatory requirements and in the best interest of the Company. Any such arrangement must be made by the Investment Managers on terms commensurate with best market practice. The use of soft commissions shall be disclosed in the periodic reports.

OTHER COMPANY CHARGES AND EXPENSES

The Principal Distributor may be entitled to receive any applicable entry charge, of up to 5.75% of the total amount invested, as further described in the section "Share Classes". The entry charge shall in no case exceed the maximum permitted by the laws, regulations and practice of any country where the Shares are sold.

The Principal Distributor may enter into contractual arrangements with various sub-distributors, intermediaries, Brokers/Dealers and/or professional investors for the distribution of Shares outside the United States of America. Payments of fees or commissions to various sub-distributors, Brokers/Dealers or other intermediaries may be made out of the maintenance charges, servicing charges or other related similar fees normally paid to the Principal Distributor, when such payments are expected to enhance the quality of the distribution or other services provided to the Investors, including but not limited to the improvement of the communication of ongoing information to Investors, the transaction processing or other shareholder and/or administrative services.

As remuneration for the services rendered to the Company as Custodian J.P. Morgan Bank Luxembourg S.A. will receive an annual fee depending on the nature of the investments of the different Funds in a range from 0.01% to 0.14% of the Net Asset Values of the assets of the different Funds, with possible higher custodian annual fees for those Funds of the Company the investment objectives and policies of which provide for investments in equity securities of issuers in developing countries, as reflected in more detail in the Funds' relevant total expense ratio (TER) and in the Company financial reports. Such fee will be calculated and accrued daily and will be paid monthly in arrears to the Custodian by the Company.

Such fees do not include normal banking and brokerage fees and commissions on transactions relating to the assets and liabilities of the Company as well as any reasonable out-of-pocket expenses incurred in connection with the Company, and chargeable to the Company and fees for other services as agreed from time to time. The amounts effectively paid will be shown in the Company's financial statements.
The Company bears its other operational costs including, but not limited to, the costs of buying and selling underlying securities, governmental and regulatory charges, legal and auditing fees, insurance premiums, interest charges, reporting and publication expenses, postage, telephone and facsimile expenses. All expenses are estimated and accrued daily in the calculation of the Net Asset Value of each Fund. The Company may, from time to time, pay certain fees to the Management Company for onward allocation to various sub-distributors, intermediaries, Brokers/Dealers and/or professional investors relating to placing certain Funds on sales platforms designed to bring about a wider distribution of Fund Shares. Such costs would only be allocated among the Funds placed on such platforms.

All charges and expenses pursuant to the above are exclusive of value added taxes or other taxes chargeable thereon, which should be paid by the Fund as required.

SERVICING AND MAINTENANCE CHARGES

Servicing Charge

A servicing charge may be applicable depending on the Share Class invested in. The charge is applied to the average Net Asset Value and is paid to the Principal Distributor and/or other party in order to compensate the Principal Distributor and/or other party for any financing costs and expenses incurred by it in connection with sales of Shares. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor and/or other party.

The Company has committed to pay the Principal Distributor or the relevant third party the servicing charge at the rates as provided in Appendix E, net of any taxes. In case any taxes would be payable on said amounts, the amount of servicing charge would be increased in a manner to ensure that the agreed amounts are paid net to the Principal Distributor or relevant third party. The Board of Directors has, at the date of this Prospectus, no reason to believe that any taxes are due or levied on the servicing charge.

Full details of servicing charges are provided in Appendix E.

Maintenance Charge

A maintenance charge of a certain percentage per annum of the applicable average Net Asset Value is deducted and paid to the Principal Distributor, in order to compensate the Principal Distributor for any expenses incurred by it in connection with Investors liaison and administration of the Shares and the handling of CDSC. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor.

The Principal Distributor will generally pay part or all of this maintenance charge to various third party sub-distributors, intermediaries, Brokers/Dealers. It may also, in its sole discretion, pay all or part of this maintenance charge to Institutional Investors which satisfy certain conditions, including minimum investment amounts.

Full details of maintenance charges are provided in Appendix E.

TAXATION OF THE COMPANY

The following information is based on the laws, regulations, decisions and practice currently in force in the Grand Duchy of Luxembourg and is subject to changes therein, possibly with retrospective effect. This summary does not purport to be a comprehensive description of all Luxembourg tax laws and Luxembourg tax considerations that may be relevant to a decision to invest in, own, hold, or dispose of Shares and is not intended as tax advice to any particular Investor or potential Investor. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than the Grand Duchy of Luxembourg. Investors should inform themselves of and, when appropriate, consult their professional advisors on the possible tax consequences of purchasing, buying, holding or disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.

The Company is not liable in the Grand Duchy of Luxembourg to any tax on its profits or income and is not subject to the Grand Duchy of Luxembourg's net wealth tax.

The Company, however, is liable in the Grand Duchy of Luxembourg to a tax of 0.05% per annum of its Net Asset Value, such tax being payable quarterly on the basis of the value of the net assets of the Company at the end of the relevant calendar quarter. This tax is not applicable for the portion of the assets of a Fund invested in other undertakings for collective investment which have been already subject to such tax. In order to qualify under the current reduced tax rate of 0.01% (instead of the tax of 0.05% referred to above), the Franklin U.S. Dollar Liquid Reserve Fund, the Franklin Euro Liquid Reserve Fund and the Franklin Euro Short-Term Money Market Fund will be invested in a manner that the weighted average remaining maturity of all securities and instruments comprised in the portfolios of the respective Funds does not exceed twelve months. For the purpose of calculating the residual maturity of each single security or instrument, the financial instruments attached thereto shall be taken into account. For the securities or instruments whose terms of issue provide for an adjustment of their interest rate by reference to market conditions, the residual maturity until the date on which the rate is adjusted shall be considered.

Class I, X and Class Y Shares may also qualify for the reduced tax rate of 0.01% if all the Investors of these Share Classes are respectively Institutional Investors.

No stamp duty or other tax is payable in the Grand Duchy of Luxembourg on the issue of the Shares in the Company. A EUR 75 registration duty is to be paid upon incorporation and each time the Articles are amended.

Under current laws and practice, no capital gains tax is payable in the Grand Duchy of Luxembourg on the realised or unrealised capital appreciation of the assets of the Company.

The Company is registered for Value Added Tax in the Grand Duchy of Luxembourg and subject to account for Value Added Tax in accordance with applicable laws.
Investment income received or capital gains realised by the Company may be subject to tax in the countries of origin at varying rates. The Company may benefit in certain circumstances from double taxation treaties, which the Grand Duchy of Luxembourg has concluded with other countries.

WITHHOLDING TAX

Distributions made by the Company are not subject to withholding tax in Luxembourg.

TAXATION OF INVESTORS

Investors should note that certain Share Classes may pay dividends gross of expenses. This may result in Investors receiving a higher dividend than they would have otherwise received and therefore Investors may suffer a higher income tax liability as a result. In addition, in some circumstances, paying dividends gross of expenses may mean that the Fund pays dividends from capital property as opposed to income property. Such dividends may still be considered income distributions for tax purposes in the hands of Investors, depending on the local tax legislation in place. Investors should seek their own professional tax advice in this regard.

Luxembourg

Investors are currently not subject to any capital gains, income, withholding, gift, estate, inheritance or other taxes in the Grand Duchy of Luxembourg (except for Investors domiciled, resident or having a permanent establishment in the Grand Duchy of Luxembourg).

EU Savings Tax Directive Considerations

The European Savings Directive has been implemented in Luxembourg by the law dated 21 June 2005, as amended (the "2005 Law"). The European Savings Directive requires Member States of the European Union ("EU Member States") to provide the tax authorities of other EU Member States with details of payments of interest or similar payments paid by a paying agent (as defined by the European Savings Directive) within its jurisdiction to an individual resident in that other EU Member State. Austria and Luxembourg had elected to apply withholding tax in relation to such payments in lieu of exchange of information for a transitional period. With effect as from 1 January 2015, Luxembourg has however opted out of the withholding system in favour of the automatic exchange of information. Switzerland, Monaco, Liechtenstein, Andorra and San Marino and the Channel Islands, the Isle of Man and the dependent or associated territories in the Caribbean, have also introduced measures equivalent to information reporting or, during the same transitional period, withholding tax. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Withholding tax applied under the European Savings Directive is not a final taxation and does not relieve the Investor from any responsibilities to declare income or capital gains to the relevant tax authority in his/her country of residence. Any withholding tax levied under the European Savings Directive may be creditable against the Investor's personal tax liability, subject to the laws in his/her country of residence.

Dividends distributed by a Fund will be subject to the European Savings Directive and the 2005 Law if more than 15% of such Fund's assets are invested in debt claims (as defined in the 2005 Law) and proceeds realised by Investors on the transfer or sale of Shares in a Fund will be subject to the European Savings Directive and the 2005 Law if more than 25% of such Fund's assets are invested in debt claims.

The list of Funds falling within the scope of the European Savings Directive and the 2005 Law is made public at the registered office of the Company and is available at the offices of the Management Company. This information may also be available on the Internet site: http://www.franklintempleton.lu.

The Council of the European Union adopted Directive 2014/48/EU on 24 March 2014, amending Directive 2003/48/EC on the taxation of savings income. The Member States are required to transpose the new Directive 2014/48/EU into national law by 1 January 2016 and to apply the new requirements with effect from 1 January 2017. The changes made by Directive 2014/48/EU include extending the scope of the EU Savings Directive to payments made to certain entities and legal arrangements and broadening the definition of interest payment to cover income that is equivalent to interest.

The foregoing is only a summary of the implications of the European Savings Directive and the 2005 Law, is based on the current interpretation thereof and does not purport to be complete in all respects. It does not constitute investment or tax advice and Investors should therefore seek advice from their financial or tax adviser on the full implications for themselves of the European Savings Directive and the 2005 Law.

United Kingdom

It is intended that certain Share Classes offered by the Company will meet the conditions to qualify as "reporting" for the purposes of the United Kingdom tax legislation relating to offshore funds. The annual reports to investors will be made available on the Internet site: http://www.franklintempleton.co.uk. A list of the Share Classes is available at the registered office of the Company. This information may also be available on the above website or may be obtained upon request at the registered office of the Company.

FATCA

The Foreign Account Tax Compliance Act ("FATCA"), which is an amendment to the U.S. Internal Revenue Code, was enacted in the United States in 2010 and many of the operative provisions will be effective as of 1 July 2014. Generally, FATCA requires financial institutions outside the US ("foreign financial institutions" or "FFIs") to provide the U.S. Internal Revenue Service ("IRS") with information about financial accounts held directly or indirectly by certain specified US persons. A 30% withholding tax is imposed on certain types of US source income paid to an FFI that fails to comply with FATCA. On 28 March 2014, the Grand-Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("IGA") with the United States of America and a memorandum of understanding in respect thereof. The Company would hence have to comply with such Luxembourg IGA, once the IGA has been implemented into Luxembourg law in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the IGA, the Company will be required to collect information aiming to identify its direct and indirect Shareholders that are US Persons for FATCA purposes ("reportable accounts"). Any such information on reportable accounts provided to the Company will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the convention between the Government of the United States of America and the Government of the Grand-Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996. The Company intends to comply with the provisions of the Luxembourg IGA as implemented in Luxembourg law to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Company. The Company will continually assess the extent of the requirements that FATCA and notably the Luxembourg IGA as implemented in Luxembourg law places upon it. As from the date of signature of the Luxembourg IGA and until the Grand Duchy of Luxembourg has implemented the national procedure necessary for the entry into force of the IGA, the United States Department of the Treasury will treat the Company as complying with and not subject to the FATCA Withholding.

To ensure the Company's compliance with FATCA and the Luxembourg IGA in accordance with the foregoing, Franklin Templeton Investment Services S.à r.l., in its capacity as the Company's Management Company, may:

a. request information or documentation, including W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a Shareholder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain such Shareholder's FATCA status;
b. report information concerning a Shareholder and his account holding in the Company to the Luxembourg tax authorities if such account is deemed a US reportable account under the Luxembourg IGA;
c. report information to the Luxembourg tax authorities concerning payments to account holders with the FATCA status of non-participating foreign financial institution; and
d. deduct applicable US withholding taxes from certain payments made to a Shareholder by or on behalf of the Company in accordance with FATCA and the Luxembourg IGA, if applicable, from 2017 or later.

MEETINGS AND REPORTS

The Annual General Meeting of Shareholders is held at the registered office of the Company on November 30 of each year or, if such day is not a Luxembourg Business Day, on the Luxembourg Business Day immediately following the 30th day of November. Notices of all meetings will be published in the following newspapers: *d'Wort* and *Mémorial, Recueil des Sociétés et Associations* (the "Mémorial") and such other newspapers as the Board of Directors shall from time to time determine and will be sent to the holders of registered Shares by post at least eight (8) calendar days prior to the meeting at their addresses in the register of Shareholders. Such notices may also be made available on Internet sites as the Board of Directors shall from time to time determine. They will include the agenda and specify the time and place of the meeting, the conditions of admission and will refer to the requirements of the laws of the Grand Duchy of Luxembourg with regard to the necessary quorum and majorities required for the meeting. The requirements as to attendance, quorum and majorities at all general meetings will be those laid down in articles 67 and 67-1 of the law of 10 August 1915 (as amended) relating to commercial companies and in the Articles of the Company.

The audited annual reports and unaudited semi-annual reports will be available on the following Franklin Templeton Investments Internet site, http://www.franklintempleton.lu, or may be obtained upon request at the registered office of the Company and the Management Company; they are only distributed to registered Shareholders in those countries where local regulation so requires. The complete audited annual reports and unaudited semi-annual reports are available at the registered office of the Company and the Management Company. The accounting year of the Company ends on 30 June of each year.

INVESTOR VOTING RIGHTS

At any general meetings of the Shareholders of the Company, each Shareholder will be entitled to one vote for each whole Share held, whatever Class and regardless of the Net Asset Value per Share within the Share Class(es).

A Shareholder of any particular Fund or Share Class will be entitled at any separate meeting of the Shareholders of that Fund or Share Class to one vote for each whole Share of that Fund or Share Class held, whatever Class and regardless of the Net Asset Value per Share within the Share Class(es).

In the case of joint Shareholders, only the first named Shareholder may vote, whom the Company may consider to be the representative of all joint Shareholders, except where a Shareholder has been expressly nominated by all joint Shareholders or where a written authority has been given.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Articles may be obtained at the registered office of the Company and the Management Company.

APPENDIX A

STANDARD DEALING CUT-OFF TIMES

Unless otherwise disclosed in a local supplement to the Prospectus, any agreement or marketing material, requests for purchase, sale or switch of Shares (the "Transactions") received by one of the Franklin Templeton Investments offices listed below on a Dealing Day before the appropriate Dealing Cut-Off Time will be dealt on that day on the basis of the Net Asset Value per Share of the relevant Share Class calculated on that day.

Luxembourg office

Main Countries covered	Dealing Cut-Off Time for transactions in the currencies of the relevant Share Class	Dealing Cut-Off Time for transactions in other acceptable currencies than the currency of the relevant Share Class	Dealing Cut-Off Time for transactions in Hedged Share Classes
Any country where the Company is registered for distribution, unless mentioned below under another local Franklin Templeton Investments office.	18:00 CET	18:00 CET	18:00 CET

Frankfurt office

Main Countries covered	Dealing Cut-Off Time for transactions in the currencies of the relevant Share Class	Dealing Cut-Off Time for transactions in other acceptable currencies than the currency of the relevant Share Class	Dealing Cut-Off Time for transactions in Hedged Share classes
. Austria . Germany . Switzerland	16:00 CET	16:00 CET	16:00 CET
. the Netherlands	18:00 CET	18:00 CET	18:00 CET

Singapore office

Main Countries covered	Dealing Cut-Off Time for transactions in the currencies of the relevant Share Class	Dealing Cut-Off Time for transactions in other acceptable currencies than the currency of the relevant Share Class	Dealing Cut-Off Time for transactions in Hedged Share Classes
. Hong Kong . Macau . Singapore . South Korea	16:00 SGT	16:00 SGT	16:00 SGT

American office

Main Countries covered	Dealing Cut-Off Time for transactions in the currencies of the relevant Share Class	Dealing Cut-Off Time for transactions in other acceptable currencies than the currency of the relevant Share Class	Dealing Cut-Off Time for transactions in Hedged Share Classes
Caribbean Latin America	16:00 EST	16:00 EST	12:00 EST (except H4, which is 16:00 EST)

Electronic Dealing
(Swift and Direct Electronic link with Franklin Templeton Investments)

Main Countries covered	Dealing Cut-Off Time for transactions in the currencies of the relevant Share Class	Dealing Cut-Off Time for transactions in other acceptable currencies than the currency of the relevant Share Class	Dealing Cut-Off Time for transactions in Hedged Share Classes
Any Country where the Shares of the Company can be distributed	22:00 CET	22:00 CET	18:00 CET

Investors domiciled in countries not listed above but where transactions in Shares of the Company are allowed under all applicable laws and regulations should contact the client service's representative of the nearest Franklin Templeton Investments office. This information is available on the Internet site http://www.franklintempleton.lu.

Definitions:
CET: Central Europe time
EST: Eastern Standard time (USA)
SGT: Singapore Standard time

APPENDIX B

INVESTMENT RESTRICTIONS

The Board of Directors has adopted the following restrictions relating to the investment of the Company's assets and its activities. These restrictions and policies may be amended from time to time by the Board of Directors if and as they shall deem it to be in the best interests of the Company in which case this Prospectus will be updated.

The investment restrictions imposed by Luxembourg law must be complied with by each Fund. Those restrictions in paragraph 1. e) below are applicable to the Company as a whole.

1. INVESTMENT IN TRANSFERABLE SECURITIES AND LIQUID ASSETS

a) The Company will invest in one or more of the following type of investments:

(i) transferable securities and money market instruments admitted to or dealt on a regulated market within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments;

(ii) transferable securities and money market instruments dealt on another market in a member state of the European Economic Area (a "Member State") which is regulated, operates regularly and is recognised and open to the public;

(iii) transferable securities and money market instruments admitted to official listing on a stock exchange in a non-EU Member State or dealt on another market in a non-EU Member State, which is regulated, operates regularly and is recognised and open to the public;

(iv) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on another regulated market, in the countries of the areas referred to under (i), (ii) and (iii) above, which operates regularly and is recognised and open to the public, and such admission is secured within a year of the purchase;

(v) units of UCITS and/or other UCIs, whether situated in a Member State or not, provided that:

- such other UCIs have been authorised under the laws of any EU Member State or under laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority to be equivalent to that laid down in EU law and that cooperation between authorities is sufficiently ensured,
- the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009,
- the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
- no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;

(vi) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the Luxembourg supervisory authority as equivalent to those laid down in EU law;

(vii) financial derivative instruments, including equivalent cash-settled instruments, dealt on a regulated market referred to in subparagraph (i) to (iv) above, and/or financial derivative instruments dealt over-the-counter ("OTC derivatives"), provided that:

- the underlying consists of instruments covered by this appendix under 1. a), financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to its investment objectives,
- the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority,
- the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative,

(viii) money market instruments other than those dealt on a regulated market and which fall under 1. a), if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in case of a Federal

State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or

- issued by an undertaking any securities of which are dealt on regulated markets referred to above, or

- issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by the EU law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by EU law, or

- issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least 10 million euro and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, is an entity which, within a group of companies which include one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

b) The Company may invest up to 10% of the net assets of any Fund in transferable securities and money market instruments other than those referred to in (a) above;

c) Each Fund of the Company may hold ancillary liquid assets;

d) (i) Each Fund of the Company may invest no more than 10% of its net assets in transferable securities and money market instruments issued by the same body. Each Fund of the Company may not invest more than 20% of its net assets in deposits made with the same body. The risk exposure to a counterparty of a Fund in an OTC derivative transaction may not exceed 10% of its assets when the counterparty is a credit institution referred to in 1. a) (vi) above or 5% of its net assets in other cases.

(ii) The total value of the transferable securities and money market instruments held in the issuing bodies in each of which any Fund invests more than 5% of its net assets must not exceed 40 % of the value of its assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph 1. d) (i), a Fund may not combine:

- investments in transferable securities or money market instruments issued by a single body,
- deposits made with a single body, and/or
- exposures arising from OTC derivative transactions undertaken with a single body,

in excess of 20% of its net assets.

(iii) The limit laid down under the first sentence of paragraph 1. d) (i) above shall be of 35% where the Fund has invested in transferable securities or money market instruments issued or guaranteed by a Member State, by its local authorities, by a non-Member State or by public international bodies of which one or more Member States are members.

(iv) The limit laid down under the first sentence of paragraph 1. d) (i) above shall be of 25% for bonds issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.
If a Fund invests more than 5% of its net assets in the bonds above and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of the Fund.

(v) The transferable securities and money market instruments referred to in paragraphs 1. d) (iii) and 1. d) (iv) are not included in the calculation of the limit of 40% referred to in paragraph 1. d) (ii).

The limit set out above under 1. d) (i), (ii), (iii) and (iv) may not be combined, and thus investments in transferable securities or money market instruments issued by the same body, in deposits or derivative instruments made with this body carried out in accordance with section 1. d) (i), (ii), (iii) and (iv) may not exceed a total of 35% of the net assets of the Fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained under 1. d). A Fund may cumulatively invest up to 20% of its net assets in transferable securities and money market instruments within the same group.

(vi) Without prejudice to the limits laid down in paragraph e), the limits laid down in this paragraph d) shall be 20% for investments in shares and/or bonds issued by the same body when the aim of a Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Luxembourg supervisory authority, provided

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

The limit laid down in the subparagraph above is raised to 35% where it proves to be justified by exceptional market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant provided that investment up to 35% is only permitted for a single issuer.

(vii) **where any Fund has invested in accordance with the principle of risk spreading in transferable securities and money market instruments issued or guaranteed by any EU Member State, its local authorities, or public international bodies of which one or more EU Member States are members, by any other State of the OECD, by Singapore or any member state of the G20, the Company may invest 100% of the assets of any Fund in such securities provided that such Fund must hold securities from at least six different issues and securities from one issue must not account for more than 30% of that Fund's net assets.**

e) The Company or any Fund may not invest in voting shares of companies allowing it to exercise a significant influence in the management of the issuer. Further, the Company may acquire no more than (i) 10% of the non-voting shares of any single issuing body, (ii) 10% of the debt securities of any single issuing body, (iii) 25% of the units of any single collective investment undertaking, (iv) 10% of the money market instruments of any single issuing body. However, the limits laid down under (ii), (iii) and (iv) may be disregarded at the time of acquisition if, at that time, the gross amount of the bonds or of the money market instruments or the net amount of the instruments in issue cannot be calculated.

The limits under this section e) shall not apply to (i) transferable securities or money market instruments issued or guaranteed by a Member State, its local authorities, or public international bodies of which one or more Member States are members or by any other State, nor to (ii) shares held by the Company in the capital of a company incorporated in a State which is not a Member State investing its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that State, provided that, however, the Company, in its investment policy, complies with the limits laid down in Articles 43 and 46 and in paragraphs (1) and (2) of Article 48 of the Law of 17 December 2010.

f) (i) Unless otherwise provided in the investment policy of a specific Fund, each Fund will not invest more than 10% of its net assets in UCITS and other UCIs.

(ii) In the case restriction f) (i) above is not applicable to a specific Fund, as provided in its investment policy, such Fund may acquire units of UCITS and/or other UCIs referred to in paragraph 1. a) (v), provided that no more than 20% of a Fund's net assets be invested in the units of a single UCITS or other UCI.

For the purpose of the application of this investment limit, each compartment of a UCITS and/or other UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

(iii) Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net assets of a Fund.

(iv) When a Fund invests in the units of UCITS and/or other UCIs linked to the Company by common management or control, or by a substantial direct or indirect holding, no subscription or redemption fees may be charged to the Company on account of its investment in the units of such other UCITS and/or UCIs.

In respect of a Fund's investments in UCITS and other UCIs linked to the Company as described in the preceding paragraph, the total management fee (excluding any performance fee, if any) charged to such Fund and each of the UCITS or other UCIs concerned shall not exceed 2% of the value of the relevant investments. The Company will indicate in its annual report the total management fees charged both to the relevant Fund and to the UCITS and other UCIs in which such Fund has invested during the relevant period.

(v) The Company may acquire no more than 25% of the units of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS/UCI concerned, all compartments combined.

(vi) The underlying investments held by the UCITS or other UCIs in which the Funds invest do not have to be considered for the purpose of the investment restrictions set forth under 1. d) above.

g) A Fund may subscribe, acquire and/or hold shares to be issued or issued by one or more other Funds without the Fund being subject to the requirements of the law of 10 August 1915 on commercial companies (as amended) with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the conditions however that:

(i) The target Fund does not, in turn, invest in the Fund invested in this target Fund; and

(ii) No more than 10% of the assets that the target Fund whose acquisition is contemplated may be invested in units of UCITS and/or other UCIs; and

(iii) Voting rights, if any, attaching to the shares of the target Fund are suspended for as long as they are held by the Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and

(iv) In any event, for as long as these shares are held by the Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by the Law of 17 December 2010; and

(v) There is no duplication of management/entry or sale charges between those at the level of the Fund having invested in the target Fund, and this target Fund.

h) The Company may not (i) acquire for the benefit of any Fund securities which are partly paid or not paid or involving liability (contingent or otherwise) unless according to the terms of issue such securities will or may at the option of the holder become free of such liabilities within one year of such acquisition and (ii) underwrite or subunderwrite securities of other issuers for any Fund.

i) The Company may not purchase or otherwise acquire any investment in which the liability of the holder is unlimited.

j) The Company may not purchase securities or debt instruments issued by the Investment Managers or any connected person or by the Management Company.

k) The Company may not purchase any securities on margin (except that the Company may, within the limits set forth in clause 2. e) below, obtain such short term credit as may be necessary for the clearance of purchases or sales of securities) or make uncovered sales of transferable securities, money market instruments or other financial instruments referred to above; except that the Company may make initial and maintenance margin deposits in respect of futures and forward contracts (and options thereon).

2. INVESTMENT IN OTHER ASSETS

a) The Company may not purchase real estate, nor acquire any options, rights or interest in respect thereof, provided that the Company may invest for the account of any Fund in securities secured by real estate or interest therein or in securities of companies investing in real estate.

b) The Company may not make investments in precious metals or certificates representing them.

c) The Company may not enter into direct commodities transactions or commodity contracts, except that the Company may, in order to hedge risk, enter into financial futures on such transactions within the limits laid down in clause 3 below.

d) The Company may not make loans to other persons or act as a guarantor on behalf of third parties or assume, endorse or otherwise become directly or contingently liable for, or in connection with, any obligation or indebtedness or any person in respect of borrowed monies, provided that for the purpose of this restriction:

(i) the acquisition of bonds, debentures or other corporate or sovereign debt obligations (whether wholly or partly paid) and investment in securities issued or guaranteed by a member country of the OECD or by any supranational institution, organisation or authority, short-term commercial paper, certificates of deposit and bankers' acceptances of prime issuers or other traded debt instruments shall not be deemed to be the making of a loan; and

(ii) the purchase of foreign currency by way of a back-to-back loan shall not be deemed to be the making of a loan.

e) The Company may not borrow for the account of any Fund, other than amounts which do not in aggregate exceed 10% of the net assets of the Fund, taken at market value and then only as a temporary measure. The Company may, however, acquire foreign currency by means of a back-to-back loan.

f) The Company may not mortgage, pledge, hypothecate or in any manner transfer as security for indebtedness, any of the securities or other assets of any Fund, except as may be necessary in connection with the borrowings mentioned in clause e) above. The purchase or sale of securities on a when-issued or delayed-delivery basis, and collateral arrangements with respect to the writing of options or the purchase or sale of forward or futures contracts are not deemed the pledge of the assets.

3. FINANCIAL DERIVATIVE INSTRUMENTS

The Company may use financial derivative instruments for investment, hedging and efficient portfolio management purposes, within the limits of the Law of 17 December 2010. Under no circumstances shall the use of these instruments and techniques cause a Fund to diverge from its investment policy.

Each Fund may invest in financial derivative instruments within the limits laid down in clause 1. a) (vii) provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in clause 1. d) (i) to (v). When a Fund invests in index-based financial derivative instruments, these investments do not have to be combined in respect of the limits laid down in clause 1. d). When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this restriction.

The Company on behalf of a relevant Fund may only choose swap counterparties that are first class financial institutions selected by the Board of Directors and that are subject to prudential supervision and belonging to the categories approved by the CSSF for the purposes of OTC derivative transactions and specialised in these types of transactions.

As the case may be, collateral received by each Fund in relation to OTC derivative transactions may offset net exposure by counterparty provided it meets a range of standards, including those for liquidity, valuation, and issuer credit quality. Collateral primarily consist of cash and highly rated sovereign bonds. Collateral value is reduced by a percentage (a "haircut") which provides for short term fluctuations in the value of the collateral. Net exposures are calculated daily by counterparty and subject to the terms of the agreements, including a minimum transfer amount, collateral levels may fluctuate between the fund and the counterparty depending on the market movement of the exposure. Non-cash collateral received is not sold, reinvested or pledged. Cash collateral may be reinvested in a manner consistent with the provisions established in the Credit Support Annex ("CSA") of the International Swaps and

Derivatives Association Master Agreement ("ISDA Master Agreement") executed with the relevant counterparty and with the risk diversification requirements detailed in Appendix B "Investment Restrictions" in (a) shares or units issued by short term money market undertakings for collective investment as defined in the Guidelines on a Common Definition of European Money Market Funds, (b) deposits with credit institutional having its registered office in a Member State or with a credit institution situated in a non-Member State provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, (c) high quality government bonds that are deemed eligible collateral according to the terms of the CSA of the ISDA Master Agreement, and (d) reverse repurchase agreement transactions provided the transactions are with credit institutions subject to the prudential supervision and the Company may recall at any time the full amount of cash on accrued basis. The Company has policies with respect to the reinvestment of collateral (specifically, that derivatives or other instruments that may contribute to leverage may not be used) such that it would not impact the Global Exposure calculation.

In accordance with the criteria laid down in the precedent paragraph, a Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by any EU Member State, its local authorities, or public international bodies of which one or more EU Member States are members, by any other State of the OECD, by Singapore or any member state of the G20, provided that such Fund holds securities at least from six different issues and that any single issue must not account for more than 30% of such Fund's net assets.

The Global Exposure relating to financial derivative instruments is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions.

The Company shall ensure that the Global Exposure of each Fund relating to financial derivative instruments does not exceed the total net assets of that Fund. The Fund's overall risk exposure shall consequently not exceed 200% of its total net assets. In addition, this overall risk exposure may not be increased by more than 10% by means of temporary borrowings (as referred to in clause 2. e) above) so that it may not exceed 210% of any Fund's total net assets under any circumstances.

The Funds apply either the Value-at-Risk (VaR) or the Commitment Approach to calculate their Global Exposure, whichever is deemed to be appropriate.

When the investment objective of a Fund indicates a benchmark against which the performance might be compared, the method used to calculate the Global Exposure may consider a different benchmark than the one mentioned for performance or volatility purposes in said Fund's investment objective.

Currency Hedging

The Company may, in respect of each Fund, for the purpose of hedging currency risks, have outstanding commitments in forward currency contracts, currency futures, written call options and purchased put options on currencies and currency swaps either quoted on an exchange or dealt in on a regulated market or entered into with highly rated financial institutions.

Subject to the implementation of the currency hedging techniques below, commitments in one currency may not exceed the aggregate value of securities and other assets held by the relevant Fund denominated in such currency (or other currencies that fluctuate in a substantially similar manner to such currency).

In this context, the Company may, in respect of each Fund, engage in the following currency hedging techniques:

- hedging by proxy, i.e. a technique whereby a Fund effects a hedge of the reference currency of the Fund (or benchmark or currency exposure of the assets of the Fund) against exposure in one currency by instead selling (or purchasing) another currency closely related to it, provided however that these currencies are indeed likely to fluctuate in the same manner. Guidelines followed in determining that one currency moves in a substantially similar manner to another currency include the following: i) the correlation of one currency to another currency is proven over a significant period of time to be over 85%; ii) the two currencies are, by explicit government policy, scheduled to participate in European Monetary Union on a set future date (which would include using the euro itself as a proxy for hedging bond positions denominated in other currencies scheduled to become part of the euro on a set future date); and iii) the currency used as the hedging vehicle against the other currency is part of a currency basket against which the central bank for that other currency explicitly manages its currency within a band or corridor that is either stable or sloping at a predetermined rate.

- cross–hedging, i.e. a technique whereby a Fund sells a currency to which it is exposed and purchases more of another currency to which the Fund may also be exposed, the level of the base currency being left unchanged, provided however that all such currencies are currencies of the countries which are at that time within the Fund's benchmark or investment policy and the technique is used as an efficient method to gain the desired currency and asset exposures.

- anticipatory hedging, i.e. a technique whereby the decision to take a position on a given currency and the decision to have some securities held in a Fund's portfolio denominated in that currency are separate, provided however that the currency which is bought in anticipation of a later purchase of underlying portfolio securities is a currency associated with those countries which are within the Fund's benchmark or investment policy.

4. USE OF TECHNIQUES AND INSTRUMENTS RELATING TO TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS

a) Types and purpose

To the maximum extent allowed by, and within the limits set forth in, the Law of 17 December 2010 as well as any present or future related Luxembourg laws or implementing regulations, circulars and the Luxembourg supervisory authority's positions (the "Regulations"), in particular the provisions of (i) article 11 of the Grand-Ducal regulation of 8 February 2008 relating to certain definitions of the Luxembourg Law of 20 December 2002 on undertakings for collective investment and of (ii) CSSF Circulars 08/356 and 14/592, each Fund may for the purpose of generating additional capital or income or for reducing costs or risks (A) enter, either as purchaser or seller, into optional as well as non-optional repurchase transactions and (B) engage in securities lending transactions.

As the case may be, collateral received by each Fund in relation to any of these transactions may offset net exposure by the counterparty provided it meets a range of standards, including those for liquidity, valuation, and issuer credit quality. Collateral primarily consist of cash and highly rated sovereign fixed income securities. Collateral value is reduced by a percentage (a "haircut") which provides for short term fluctuations in the value of the collateral. Net exposures are calculated daily by the counterparty and subject to the terms of the agreements, including a minimum transfer amount, collateral levels may fluctuate between the Fund and the counterparty depending on the market movement of the exposure. Non-cash collateral received is not sold, reinvested or pledged. Cash collateral received by each Fund in relation to any of these transactions may be reinvested in a manner consistent with the investment objectives of such Fund and with the risk diversification requirements detailed in Appendix B "Investment Restrictions" in (a) shares or units issued by short term money market undertakings for collective investment as defined in the Guidelines on a Common Definition of European Money Market Funds, (b) deposits with credit institutional having its registered office in a Member State or with a credit institution situated in a non-Member State provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, (c) high quality government bonds, and (d) reverse repurchase agreement transactions provided the transactions are with credit institutions subject to the prudential supervision and the Company may recall at any time the full amount of cash on accrued basis. The Company has policies with respect to the reinvestment of collateral (specifically, that derivatives or other instruments that may contribute to leverage may not be used) such that it would not impact the Global Exposure calculation.

In accordance with the criteria laid down in the precedent paragraph, a Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by any EU Member State, its local authorities, or public international bodies of which one or more EU Member States are members, by any other State of the OECD, by Singapore or any member state of the G20, provided that such Fund holds securities at least from six different issues and that any single issue must not account for more than 30% of such Fund's net assets.

b) Limits and conditions

A Fund may utilise up to 100% of its assets for securities lending transactions. The volume of the securities lending transactions of each Fund shall be kept at an appropriate level or each Fund shall be entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardise the management of each Fund's assets in accordance with its investment policy.

The securities lending agent receives a fee of up to 10% of the gross revenue generated as a result of the lent securities for its services, the remainder of the revenue being received and retained by the relevant lending Fund.

A Fund may utilise up to 100% of its assets for repurchase agreement transactions, but a Fund's exposure to any single counterparty in respect of repurchase agreement transactions is limited to (i) 10% of its assets where the counterparty is a credit institution having its registered office in an EU Member State or subject to equivalent prudential rules, and (ii) 5% of its assets in other cases. The volume of the repurchase agreement transactions of each Fund shall be kept at a level such that the Fund is able, at all times, to meet its redemption obligations towards shareholders. Further, each Fund must ensure that, at maturity of the repurchase agreement transactions, it has sufficient assets to be able to settle the amount agreed with the counterparty for the restitution of the securities to the Fund.

Direct and indirect operational costs and fees arising from securities lending transactions and/or repurchase agreement transactions may be deducted from the revenue delivered to the relevant Fund. These costs and fees shall not include hidden revenue. All the revenues arising from such transactions, net of direct and indirect operational costs, will be returned to the relevant Fund. The annual report of the Company shall contain details of the revenues arising from securities lending transactions and/or repurchase agreement transactions for the entire reporting period together with the direct and indirect operational costs and fees incurred. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers or other financial institutions or intermediaries and may be related parties to the Management Company and/or the Depositary Bank.

c) Conflicts of Interest

No conflicts of interest to note. The Investment Manager of the relevant Fund does not intend to lend the securities of the Fund to its related corporations.

5. ADDITIONAL LOCAL RESTRICTIONS

a) If and for so long as a Fund of the Company is authorised by the Financial Services Board in South Africa, the following shall apply:

(i) the Fund may borrow up to 10% of its Net Asset Value, but only on a temporary basis for the purpose of meeting sale requests, subject always to the borrowing limit in clause 2. e) above;

(ii) for Funds investing in equity or equity-related securities, 90% of such equity or equity-related securities of such Fund shall only be invested in stock exchanges having obtained full membership of the World Federation of Exchanges or stock exchanges to which the manager has applied (and which have satisfied the requirements of), amongst other things, the due diligence guidelines as determined by the registrar;

(iii) for Funds investing in debt instruments or other eligible instruments, 90% of such instruments held by such Fund must have a credit rating of "investment grade" by Standard & Poor's, Moody's or Fitch Ratings Limited; however, in respect of the following Funds, no investment into non-investment grade debt securities will be made:

- Franklin Biotechnology Discovery Fund;
- Franklin U.S. Government Fund;
- Franklin U.S. Opportunities Fund;
- Franklin Technology Fund;
- Templeton Emerging Markets Fund;
- Templeton Euroland Fund;
- Templeton European Fund;
- Templeton Global Fund; and
- Templeton Global Smaller Companies Fund.

(iv) the Fund may hold units of other UCITS or UCIs, provided that such UCITS or UCIs have a risk profile which is not significantly riskier than the risk profile of other underlying securities which may be held by the Fund;

(v) derivative instruments will be used within the limits stated above. No gearing, leveraging and/or margining shall be permitted. However, investment in OTC derivative instruments will only be permitted for forward currencies, interest rate or exchange rate swaps for the purpose of efficient fund management. No uncovered positions shall be permitted;

(vi) the Fund shall not invest in a fund of funds or a feeder fund;

(vii) insofar the 10% limit set forth in paragraph 1. f) (i) is not applicable to a specific Fund, no more than 20% of such Fund's net assets may be invested in the units of a single UCITS or other UCI referred to in paragraph 1. a) (v);

(viii) no scrip borrowing shall be permitted; and

(ix) the Fund can enter into securities lending arrangements provided that such arrangements do not exceed 50% of the total market value of its portfolio.

b) If and for so long as the Company is authorised by the Securities and Futures Bureau in Taiwan and in respect of any Fund registered with it, the following shall apply:

(i) the aggregate commitments arising from the derivative instruments may not (except with the approval of the Securities and Futures Bureau), at any time, exceed 40% of the relevant Fund's net assets and 100% for hedging purpose.

(ii) the total amount of a Fund invested in the securities traded in the securities market in mainland China will not exceed ten percent (10%) of the then most current Net Asset Value of the Fund, unless otherwise determined by relevant regulator.

c) If and for so long as a Fund of the Company is authorised by the Capital Market Board in Turkey, the following shall apply:

(i) At least 80% of the Fund's portfolio should be invested in assets other than the capital market instruments issued by the issuers resident in Turkey and in Turkish public debt instruments; and

(ii) The Fund's should not have more than 9% of the voting rights or of capital in any corporation.

d) If and for so long as the Company is authorised by the Hong-Kong Securities and Futures Commission and in respect of any Fund registered with it, the maximum exposure to A-shares and B-Shares is limited to 10% of the Fund's net assets.

e) If and for so long the Franklin Global High Income Bond Fund is authorised by the Hong-Kong Securities and Futures Commission, it will not engage in any securities lending and/or repurchase transactions.

f) If and for so long as the following Funds accepts investment by The Central Provident Fund (CPF), the CPF Investment Guidelines issued by the Central Provident Fund Board of Singapore, which guidelines may be amended from time to time, shall be applicable to them:

1) Franklin Biotechnology Discovery Fund
2) Franklin Global Growth Fund
3) Franklin Gold and Precious Metals Fund
4) Franklin India Fund
5) Franklin U.S. Opportunities Fund
6) Templeton Asian Growth Fund
7) Templeton China Fund
8) Templeton Emerging Markets Fund
9) Templeton European Fund
10) Templeton Global Fund
11) Templeton Global Balanced Fund
12) Templeton Global Equity Income Fund
13) Templeton Korea Fund
14) Templeton Thailand Fund

g) If and for so long as the following Funds accepts investment by insurance undertakings subject to the provisions of the German law on the supervision of insurance undertakings (*Versicherungsaufsichtsgesetz* - VAG), the Funds will not invest in (i) unrated securities, (ii) securities that are rated B minus and below by Standard & Poor's Corporation and/or Fitch Ratings Limited, or B3 and below by Moody's Investors Service, Inc. (if at any time the Fund's assets are no longer compliant with this rating requirements due to downgrade, they shall be sold, at the best interest of the investors, within 6 months' time), (iii) securitised debt without investment grade rating and (iv) use financial derivative instruments for anything other than hedging purposes:

1) Franklin Euro Government Bond Fund
2) Franklin Euro Short Duration Bond Fund
3) Franklin Euro Short-Term Money Market Fund
4) Franklin Global Aggregate Bond Fund
5) Franklin Global Aggregate Investment Grade Bond Fund
6) Franklin Global Government Bond Fund

h) The following Funds will only invest into UCITS and/or other UCIs which meet the investment fund definition of the German Investment Tax Act and which comply with the tax reporting requirements according to Section 5 of the German Investment Tax Act, as well as with the tax reporting requirements for reporting funds in the sense of the Austrian Investment Fund Act:

1) Franklin Diversified Balanced Fund
2) Franklin Diversified Conservative Fund
3) Franklin Diversified Dynamic Fund

i) If and for so long as the Templeton Global Balanced Fund accepts investment by Malaysian investment funds authorized by the Malaysian Securities Commission as feeders, the Templeton Global Balanced Fund will typically invest 65% of its net assets in equity and equity-linked securities and 35% of its net assets in fixed income securities and liquid assets, with a permitted deviation of up to 5% of its net assets from this allocation.

RISK MANAGEMENT

The Management Company employs a risk-management process, which enables it to monitor and measure at any time the risk of the positions of the Company and their contribution to the overall risk profile of each Fund's portfolio. The Management Company and the Investment Managers employ a process for accurate and independent assessment of the value of OTC derivative instruments.

Upon request of an investor, the Management Company will provide supplementary information relating to the quantitative limits that apply in the risk management of each Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments.

APPENDIX C

ADDITIONAL INFORMATION

1. The Company is an investment company with limited liability organised as a *société anonyme* under the laws of the Grand Duchy of Luxembourg and is qualified as a *société d'investissement à capital variable*. The Company was incorporated in Luxembourg on 6 November 1990, for an undetermined period. The Articles were published in the Mémorial on 2 January 1991. Amendments to the Articles were published in the Mémorial on 25 October 1994, 4 November 1996, 22 May 2000, 16 June 2004 and 25 March 2005. The Company is registered with the *Registre de Commerce et des Sociétés de et à Luxembourg*, under number B 35 177. Copies of the Articles as amended are available for inspection at the *Registre de Commerce et des Sociétés de et à Luxembourg* and the registered office of the Company and the Management Company.

2. The minimum capital of the Company is 1,250,000 euro or the equivalent in US dollars.

3. The Company may be dissolved upon decision of an extraordinary general meeting of its Shareholders. If the capital of the Company falls below two-thirds of the minimum capital, the Board of Directors must submit the question of the dissolution of the Company to a general meeting for which no quorum shall be prescribed and which shall be decided by a simple majority of the holders of Shares represented at the meeting. If the capital of the Company falls below one-fourth of the minimum capital, the Board of Directors must submit the question of the dissolution of the Company to a general meeting for which no quorum shall be prescribed; dissolution may be resolved by Shareholders holding one-fourth of the Shares at the meeting. If the Company should be liquidated, its liquidation will be carried out in accordance with the provisions of the laws of the Grand Duchy of Luxembourg which specify the steps to be taken to enable Shareholders to participate in the liquidation distribution(s) and in that connection provides for deposit in escrow at the *Caisse de Consignation* of any such amounts which have not been promptly claimed by any Shareholders. Amounts not claimed from escrow within the prescribed period would be liable to be forfeited in accordance with the provisions of the laws of the Grand Duchy of Luxembourg.

4. The Board of Directors may decide to liquidate a Fund if the net assets of such Fund fall below USD 20 million or if a change in the economic or political situation relating to the Fund concerned would justify such liquidation or if it is required by the interests of the Shareholders of the Fund concerned. The decision of the liquidation will be published or notified, if appropriate, by the Company prior to the liquidation and the publication and/or notification will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board of Directors otherwise decides in the interests of, or to keep equal treatment between, the Shareholders, the Shareholders of the Fund concerned may continue to request sale or switch of their Shares. Assets which could not be distributed to their beneficiaries upon the close of the liquidation period of the Fund will be deposited with the *Caisse de Consignation* on behalf of their beneficiaries.

In all other circumstances or where the Board of Directors determines that the decision should be submitted for Shareholders' approval, the decision to liquidate a Fund may be taken at a meeting of Shareholders of the Fund to be liquidated. At such Fund meeting, no quorum shall be required and the decision to liquidate will be taken by simple majority of the votes cast.

Any merger of a Fund shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for a merger to a meeting of Shareholders of the Fund concerned. No quorum is required for this meeting and decisions are taken by the simple majority of the votes cast.

In case of a merger of one or more Funds where, as a result, the Company ceases to exist, the merger shall be decided by a meeting of Shareholders for which no quorum is required and that may decide with a simple majority of the votes cast. In addition, the provisions on mergers of UCITS set forth in the Law of 17 December 2010 and any implementing regulation (relating in particular to the notification of the shareholders) shall apply.

The Board of Directors may also, under the circumstances provided above in the first paragraph of point 4., decide the reorganisation of any Fund by means of a division into two or more separate Funds. To the extent required by Luxembourg law, such decision will be published or notified, if appropriate and, in addition, the publication or notification will contain information in relation to the Funds resulting from the reorganisation.

The preceding paragraph also applies to a division of Shares of any Share Class.

In the circumstances provided above in the first paragraph, the Board of Directors may also, subject to regulatory approval (if required), decide to consolidate or split any Share Classes within a Fund. To the extent required by Luxembourg law, such decision will be published or notified and the publication and/or notification will contain information in relation to the proposed split or consolidation. The Board of Directors may also decide to submit the question of the consolidation or split of Share Class to a meeting of holders of such Share Class. No quorum is required for this meeting and decisions are taken by the simple majority of the votes cast.

5. As a matter of policy, the Management Company aims to exercise the voting rights that may be associated with the Company's various investments in transferable securities. Proxy voting records are available free of charge and upon request at the registered office of the Company and the Management Company.

APPENDIX D

DETERMINATION OF THE NET ASSET VALUE OF SHARES

CALCULATION OF THE NET ASSET VALUE

The Net Asset Value per Share ("NAV") of each Share Class of each Fund shall be expressed in the currency of the relevant Fund or of the relevant Class as a per Share figure, and shall be determined in respect of any Valuation Day by dividing the net assets of the Company corresponding to each Share Class of each Fund, being the value of the assets of the Company corresponding to such Fund less liabilities attributable to such Fund, by the number of Shares then outstanding and shall be rounded up or down to two decimal places as the Board of Directors may decide.

VALUATION

The assets of the Company shall be deemed to include:

(a) all cash on hand or on deposit, including any interest accrued thereon;

(b) all bills and demand notes and accounts receivable (including proceeds of securities sold but not delivered);

(c) all bonds, time notes, shares, stock, debenture stocks, subscription rights, warrants, options and other derivative instruments, units or shares of undertakings for collective investment and other investments and securities owned or contracted for by the Company;

(d) all stock, dividends, cash dividends and cash distributions receivable by the Company and to the extent known by the Company (provided that the Company may make adjustments with regard to fluctuations in the market value of securities caused by trading ex-dividends, ex-rights, or by similar practices);

(e) all interest accrued on any interest-bearing securities owned by the Company, except to the extent that the same is included or reflected in the principal amount of such security;

(f) the formation expenses of the Company in so far as the same have not been written off; and

(g) all other assets of every kind and nature, including prepaid expenses.

Total liabilities include:

(a) all loans, bills and accounts payable;

(b) all accrued or payable administrative expenses (including investment management and/or advisory fees, custodian fees, and corporate agents' fees);

(c) all known liabilities, present and future, including all matured contractual obligations for payments of money or property, including the amount of any unpaid dividends declared by the Company where the Valuation Day falls on the record date for determination of the person entitled thereto or is subsequent thereto;

(d) an appropriate provision for future taxes based on capital and income to the Valuation Day, as determined from time to time by the Company, and other provisions, if any, authorised and approved by the Board of Directors covering among other liabilities liquidation expenses; and

(e) all other liabilities of the Company of whatsoever kind and nature except liabilities represented by Shares in the Company. In determining the amount of such liabilities the Company shall take into account all relevant expenses payable by the Company comprising formation expenses, fees and expenses at the accounts, fees payable to the Management Company for the performance of its various services and for those rendered by the Investment Managers and/or investment advisers, the Custodian, the Principal Paying Agent and local Paying Agents and permanent representatives in places of registration, any other agent employed by the Company, fees for legal and auditing services, insurance premiums, printing, reporting and publishing expenses, including the cost of preparing and printing of the prospectuses, KIIDs, explanatory memoranda or registration statements, taxes or governmental charges, all other operating expenses, including the cost of buying and selling assets, interest, bank charges and brokerage, postage, telephone and facsimile. The Company may calculate administrative and other expenses of a regular or recurring nature on an estimated figure for yearly or other periods in advance, and may accrue the same in equal proportions over any such period.

Foreign exchange hedging may be utilised for the benefit of Hedged Share Classes. As such, cost and related liabilities and/or benefits of such hedging activities shall be for the account of that class only. Accordingly, such costs and related liabilities and/or benefits will be reflected in the Net Asset Value per Share for shares of any such Hedged Share Class. The currency exposures of the assets of the relevant Fund will not be allocated to separate classes. Foreign exchange hedging shall not be used for speculative purposes. The periodic reports of the Company will indicate how hedging transactions have been utilised.

In determining the NAV of the Company, the Management Company values cash and receivables at their realisable amounts and records interests as accrued and dividends on the ex-dividend date. The Management Company generally utilises two independent pricing services to assist in determining a current market value for each security. If market quotations are readily available for portfolio securities quoted or dealt on a stock exchange, the Management Company will value those securities at their latest available price on said stock exchange (last quoted sale price or official closing price of the day, respectively), or if there is no reported sale, within the range of the most recent bid and ask prices. Securities dealt on an organised market will be valued in a manner as near as possible to that for quoted securities.

The Management Company values over-the-counter portfolio securities acquired by a specific fund in accordance with the investment restrictions set forth in Appendix B above, within the range of the most recent bid and ask prices. If portfolio securities trade both in the over-the-counter market and on a stock exchange, the Management Company values them according to the broadest and most representative market as determined by the Board of Directors.

Generally, trading in corporate bonds, government securities or money market instruments is substantially completed each day at various times before the close of the New York Stock Exchange. The value of these securities used in computing the NAV is determined as of such times. Occasionally, events affecting the values of these securities may occur between the times at which they are determined and the close of the New York Stock Exchange that will not be reflected in the computation of the NAV. The Management Company relies on third party pricing vendors to monitor for events materially affecting the value of these securities during this period. If an event occurs the third party vendors will provide revised values to the Management Company.

The value of securities not quoted or dealt on a stock exchange or an organised market and of securities which are so quoted or dealt in, but in respect of which no price quotation is available or the price quoted is not representative of the securities' fair market value shall be determined by or under the direction of the Board of Directors. Short-dated debt transferable securities and money market instruments not traded on a regulated exchange are usually valued on an amortised cost basis.

Since the Company may, in accordance with the investment restrictions set forth in Appendix B above, invest in securities that are restricted, unlisted, traded infrequently, thinly traded, or relatively illiquid, there is the possibility of a differential between the last available market prices for one or more of those securities and the latest indications of market values for those securities. The Management Company has procedures to determine the fair value of individual securities and other assets for which market prices are not readily available (such as certain restricted or unlisted securities and private placements) or which may not be reliably priced (such as in the case of trade suspensions or halts, price movement limits set by certain foreign markets, and thinly traded or illiquid securities). Some methods for valuing these securities may include: fundamental analysis (earnings multiple, etc.), matrix pricing, discounts from market prices of similar securities, or discounts applied due to the nature and duration of restrictions on the disposition of the securities.

The application of fair value pricing procedures represents a good faith determination based upon specifically applied procedures. There can be no assurance that the Company could obtain the fair value assigned to a security if it were able to sell the security at approximately the time at which the Management Company determines the Company's NAV per share.

Trading in securities on foreign securities stock exchanges and over-the-counter markets, such as those in Europe and Asia, may be normally completed well before the New York Stock Exchange closing time on each day that the New York Stock Exchange is open. Trading in European or Far Eastern securities generally, or in a particular country or countries, may not take place on every Valuation Day. Furthermore, trading may take place in various foreign markets on days that are not Valuation Days and on which the Fund's Net Asset Value is not calculated. Thus, the calculation of the Shares' Net Asset Value does not take place contemporaneously with the determination of the prices of many of the portfolio securities used in the calculation and, if events materially affecting the values of these foreign securities occur, the securities will be valued at fair value as determined and approved in good faith by or under the direction of the Management Company.

SWING PRICING ADJUSTMENT

A Fund may suffer reduction of the Net Asset Value per Share due to Investors purchasing, selling and/or switching in and out of the Fund at a price that does not reflect the dealing costs associated with this Fund's portfolio trades undertaken by the Investment Manager to accommodate cash inflows or outflows.

In order to counter this dilution impact and to protect Shareholders' interests, a swing pricing mechanism may be adopted by the Company as part of its valuation policy.

If on any Valuation Day, the aggregate net investor(s) transactions in Shares of a Fund exceed a pre-determined threshold, as determined as a percentage of the net assets of that Fund from time to time by the Board of Directors based on objective criteria, the Net Asset Value per Share may be adjusted upwards or downwards to reflect the costs attributable to net inflows and net outflows respectively. The net inflows and net outflows will be determined by the Company based on the latest available information at the time of calculation of the Net Asset Value.

Investors are advised that the volatility of the Fund's Net Asset Value might not reflect the true portfolio performance as a consequence of the application of swing pricing. Typically, such adjustment will increase the Net Asset Value per Share when there are net inflows into the Fund and decrease the Net Asset Value per Share when there are net outflows. The Net Asset Value per Share of each Share Class in a Fund will be calculated separately but any adjustment will, in percentage terms, affect the Net Asset Value per Share of each Share Class in a Fund identically.

As this adjustment is related to the inflows and outflows of money from the Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the Company will need to make such adjustments.

The swing pricing mechanism may be applied across all Funds of the Company. The extent of the price adjustment will be reset by the Company on a periodic basis to reflect an approximation of current dealing and other costs. Such adjustment may vary from Fund to Fund and will not exceed 2% of the original Net Asset Value per Share.

The price adjustment is available on request from the Management Company at its registered office.

SUSPENSION OF CALCULATION OF NET ASSET VALUE

1. The Company may suspend the determination of the Net Asset Value of the Shares of any particular Fund and the purchase and sale of the Shares and the switch of Shares from and to such Fund during:

   (a) any period when any of the principal stock exchanges or markets of which any substantial portion of the investments of the Company attributable to such Fund from time to time are quoted is closed, or during which dealings therein are restricted or suspended; or

   (b) the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of assets owned by the Company attributable to such Fund would be impracticable; or

   (c) any breakdown or restriction in the means of communication normally employed in determining the price or value of any of the investments of any particular Fund or the current price or values on any stock exchange or market; or

   (d) any period when the Company is unable to repatriate funds for the purpose of making payments due on sale of such Shares or any period when the transfer of funds involved in the realisation or acquisition of investments or payments due on sale of such Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange; or

   (e) any period when the Net Asset Value of Shares of any Fund may not be determined accurately; or

   (f) during any period when in the opinion of the Board of Directors there exists unusual circumstances where it would be impractical or unfair towards the Investors to continue dealing in the Shares of any Fund or circumstances where a failure to do so might result in the Investors or a Fund incurring any liability to taxation or suffering other pecuniary disadvantage or other detriment which the Investors or a Fund might not otherwise have suffered; or

   (g) if the Company or a Fund is being or may be wound-up, on or following the date on which such decision is taken by the Board of Directors or notice is given to Shareholders of a general meeting at which a resolution to wind-up the Company or a Fund is to be proposed; or

   (h) in the case of a merger, if the Board of Directors deems this to be justified for the protection of the Shareholders; or

   (i) in the case of a suspension of the calculation of the net asset value of one or several underlying investment funds in which a Fund has invested a substantial portion of assets.

2. Any such suspension shall be publicised by the Company and shall be notified to Shareholders requesting sale or switching of their Shares by the Company at the time of the filing of the irrevocable written request for such sale or switch.

ALLOCATION OF ASSETS AND LIABILITIES

The Board of Directors shall establish a pool of assets for the Shares of each Fund in the following manner:

1. (a) the proceeds from the issue of Shares of each Class of each Fund shall be applied in the books of the Company to the pool of assets established for that Fund, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such pool;

   (b) where any asset is derived from another asset, such derivative asset shall be applied in the books of the Company to the same pool as the assets from which it was derived and in each revaluation of an asset, the increase or diminution in value shall be applied to the relevant pool;

   (c) where the Company incurs a liability which relates to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability shall be allocated to the relevant pool;

   (d) in the case where any asset or liability of the Company cannot be considered as being attributable to a particular pool, such asset or liability shall be equally divided between all the pools or, as in so far as justified by the amounts, shall be allocated to the pools pro rata to the net asset value of the relevant pool;

   (e) upon the record date for determination of the person entitled to any dividend on the Shares of each Class of any Fund, the Net Asset Value of the Shares of such Fund shall be reduced by the amount of such dividend declared.

2. If there have been created within any Fund two or several Share Classes, the allocation rules set out above apply, *mutatis mutandis*, to such Classes.

3. For the purpose of the calculation of the Net Asset Value, the valuation and the allocation as aforesaid, Shares of the Company to be redeemed shall be treated as existing and taken into account until immediately after the close of business on the Valuation Day, and from time to time, until the price therefor has been paid, shall be deemed to be a liability of the Company; all investments, cash balances and other assets of the Company expressed in currencies other than the currency of the relevant Fund shall be valued after taking into account the market rate or rates of exchange in force at the date and time for determination of the Net Asset Value of Shares; and effect shall be given on any Valuation Day to any purchases or sales of securities contracted for by the Company on such Valuation Day, to the extent practicable.

APPENDIX E

**FRANKLIN TEMPLETON INVESTMENT FUNDS
CHARGES, FEES AND EXPENSES**

1. ENTRY CHARGE AND CDSC

Entry Charge

Share Class Overview	Classes: • A • AX	Classes: • B • C	Classes: • AS • N	Classes: • S • W • Z	Classes: • I • X • Y
Investor Category	Retail Institutional	Retail Institutional	Retail Institutional	Retail Institutional	Institutional
For Equity Funds, Balanced Funds and Alternative Funds	Up to 5.75%	See CDSC table below	Up to 3.00%	No	No
For Fixed Income Funds	Up to 5.00%	See CDSC table below	Up to 3.00%	No	No
For Liquid Reserve Funds and Money Market Funds	Up to 1.50%	See CDSC table below	Up to 3.00%	No	No

CDSC

The amount of the CDSC is calculated by multiplying the percentages indicated in the following chart by the Net Asset Value of the Shares when purchased, or their Net Asset Value when sold, whichever is applicable.

CDSC for Class A and Class AX Shares on qualified investments of USD 1 million or more		CDSC for Class B Shares		CDSC for Class C Shares	
Period since purchase	Percentage	Period since purchase	Percentage	Period since purchase	Percentage
Less than 18 months	Up to 1%	Less than one year	4%	Less than 12 months	1%
		Equal or more than 1 year but less than 2	3%		
Equal or more than 18 months	0%	Equal or more than 2 years but less than 3	2%	Equal or more than 12 months	0%
		Equal or more than 3 years but less than 4	1%		
		Equal or more than 4 years	0%		

2. INVESTMENT MANAGEMENT FEES (PER ANNUM)

As **Class X Shares** and **Class Y Shares** are, inter alia, designed to accommodate an alternative charging structure whereby the Investor is a client of Franklin Templeton Investments and is charged investment management fees directly by Franklin Templeton Investments, no investment management fees will be payable in respect of Class X Shares and Class Y Shares out of the net assets of the relevant Fund.

The following investment management fees apply in respect of the Shares as indicated below:

Fund Name	Classes A, AS, AX, B, C, N, Z	Class I	Class S	Class W
Franklin Asia Credit Fund	0.75%	0.55%	N/A	up to 1.25%
Franklin Biotechnology Discovery Fund	1.00%	0.70%	N/A	0.75%
Franklin Brazil Opportunities Fund	1.00%	0.70%	N/A	0.75%
Franklin Diversified Balanced Fund	0.85%	0.55%	up to 0.55%	0.65%
Franklin Diversified Conservative Fund	0.80%	0.50%	up to 0.55%	0.60%
Franklin Diversified Dynamic Fund	0.90%	0.60%	up to 0.55%	0.70%
Franklin Euro Government Bond Fund	0.50%	0.35%	N/A	0.40%
Franklin Euro High Yield Fund	0.80%	0.60%	N/A	0.70%
Franklin Euro Liquid Reserve Fund	0.30%	0.20%	N/A	0.25%
Franklin Euro Short Duration Bond Fund	0.45%	0.30%	N/A	0.35%
Franklin Euro Short-Term Money Market Fund	0.25%	0.20%	N/A	0.25%
Franklin Euroland Fund	1.00%	0.70%	N/A	0.75%
Franklin European Corporate Bond Fund	0.65%	0.40%	N/A	0.50%
Franklin European Dividend Fund	1.00%	0.70%	N/A	0.75%
Franklin European Fund	1.00%	0.70%	N/A	0.75%
Franklin European Growth Fund	1.00%	0.70%	N/A	0.75%
Franklin European Income Fund	0.85%	0.60%	N/A	0.75%
Franklin European Small-Mid Cap Growth Fund	1.00%	0.70%	N/A	0.75%
Franklin European Total Return Fund	0.75%	0.55%	N/A	0.55%
Franklin GCC Bond Fund	0.75%	0.55%	N/A	0.65%
Franklin Global Aggregate Bond Fund	0.65%	0.40%	N/A	0.50%
Franklin Global Aggregate Investment Grade Bond Fund	0.65%	0.40%	N/A	0.50%
Franklin Global Allocation Fund	1.00%	0.70%	N/A	0.75%
Franklin Global Convertible Securities Fund	0.75%	0.60%	N/A	0.65%
Franklin Global Corporate High Yield Fund	N/A	0.60%	N/A	N/A
Franklin Global Equity Strategies Fund	1.25%	N/A	N/A	0.75%
Franklin Global Fundamental Strategies Fund	1.00%	0.70%	N/A	0.75%
Franklin Global Government Bond Fund	0.60%	0.40%	N/A	0.50%
Franklin Global Growth and Value Fund	1.00%	0.70%	N/A	0.75%
Franklin Global Growth Fund	1.00%	0.70%	N/A	0.75%
Franklin Global High Income Bond Fund	0.80%	0.60%	N/A	0.70%.
Franklin Global Listed Infrastructure Fund	1.00%	0.70%	N/A	0.75%
Franklin Global Multi-Asset Income Fund	0.85%	0.60%	N/A	0.70%
Franklin Global Real Estate Fund	1.00%	0.70%	N/A	0.75%
Franklin Global Small-Mid Cap Growth Fund	1.00%	0.70%	N/A	0.75%
Franklin Gold and Precious Metals Fund	1.00%	0.70%	N/A	0.75%
Franklin High Yield Fund	0.80%	0.60%	N/A	0.70%
Franklin Income Fund	0.85%	0.60%	N/A	0.70%
Franklin India Fund	1.00%	0.70%	up to 0.70%	0.75%
Franklin Japan Fund	1.00%	0.70%	N/A	0.75%
Franklin K2 Alternative Strategies Fund	2.05%	1.75%	N/A	1.85%
Franklin MENA Fund	1.50%	1.05%	N/A	1.15%
Franklin Mutual Beacon Fund	1.00%	0.70%	N/A	0.75%
Franklin Mutual European Fund	1.00%	0.70%	N/A	0.75%
Franklin Mutual Global Discovery Fund	1.00%	0.70%	N/A	0.75%
Franklin Natural Resources Fund	1.00%	0.70%	N/A	0.75%
Franklin Real Return Fund	0.75%	N/A	N/A	0.60%
Franklin Strategic Income Fund	0.75%	0.55%	N/A	0.60%
Franklin Technology Fund	1.00%	0.70%	N/A	0.75%
Franklin U.S. Dollar Liquid Reserve Fund	0.30%	0.20%	N/A	0.25%
Franklin U.S. Equity Fund	1.00%	0.70%	N/A	0.75%
Franklin U.S. Focus Fund	1.00%	0.70%	N/A	0.75%
Franklin U.S. Government Fund	0.65%	0.40%	N/A	0.50%
Franklin U.S. Low Duration Fund	0.65%	0.40%	N/A	0.45%
Franklin U.S. Opportunities Fund	1.00%	0.70%	N/A	0.75%
Franklin U.S. Small-Mid Cap Growth Fund	1.00%	0.70%	N/A	0.75%
Franklin U.S. Total Return Fund	0.75%	0.55%	N/A	0.55%
Franklin World Perspectives Fund	1.00%	0.70%	N/A	0.75%
Templeton Africa Fund	1.60%	1.10%	N/A	1.25%
Templeton ASEAN Fund	1.35%	up to 1.10%	N/A	up to 1.25%
Templeton Asian Bond Fund	0.75%	0.55%	up to 0.55%	0.65%
Templeton Asian Dividend Fund	1.35%	0.90%	N/A	1.00%
Templeton Asian Growth Fund	1.35%	0.90%	N/A	1.00%

Templeton Asian Smaller Companies Fund	1.35%	0.90%	N/A	1.00%
Templeton BRIC Fund	1.60%	1.10%	N/A	1.25%
Templeton China Fund	1.60%	1.10%	N/A	1.25%
Templeton Eastern Europe Fund	1.60%	1.10%	N/A	1.25%
Templeton Emerging Markets Balanced Fund	1.30%	0.90%	N/A	1.00%
Templeton Emerging Markets Bond Fund	1.00%	0.70%	up to 0.70%	0.80%
Templeton Emerging Markets Fund	1.60%	1.10%	N/A	1.25%
Templeton Emerging Markets Smaller Companies Fund	1.60%	1.10%	N/A	1.25%
Templeton Euroland Fund	1.00%	0.70%	N/A	0.75%
Templeton European Fund	1.00%	0.70%	N/A	0.75%
Templeton Frontier Markets Fund	1.60%	1.10%	N/A	1.25%
Templeton Global (Euro) Fund	1.00%	0.70%	N/A	0.75%
Templeton Global Balanced Fund	0.80%	0.60%	N/A	0.70%
Templeton Global Bond (Euro) Fund	0.75%	0.55%	N/A	0.65%
Templeton Global Bond Fund	0.75%	0.55%	up to 0.55%	0.65%
Templeton Global Equity Income Fund	1.00%	0.70%	N/A	0.75%
Templeton Global Fund	1.00%	0.70%	N/A	0.75%
Templeton Global High Yield Fund	0.85%	0.60%	N/A	0.70%
Templeton Global Income Fund	0.85%	0.60%	up to 0.60%	0.70%
Templeton Global Smaller Companies Fund	1.00%	0.70%	N/A	0.75%
Templeton Global Total Return Fund	0.75%	0.55%	up to 0.55%	0.65%
Templeton Growth (Euro) Fund	1.00%	0.70%	N/A	0.75%
Templeton Korea Fund	1.60%	1.10%	N/A	1.25%
Templeton Latin America Fund	1.40%	1.00%	N/A	1.10%
Templeton Thailand Fund	1.60%	1.10%	N/A	1.25%

3. MAINTENANCE CHARGES

The following maintenance charges apply in respect of the Class A Shares, Class AX Shares, Class B Shares, Class C Shares and Class N Shares:

Fund Name	**Class A***	**Class AS**	**Class AX***	**Class B***	**Class C****	**Class N***
Franklin Asia Credit Fund	0.30%	0.40%	0.30%	0.75%	1.08%	up to 1.25%
Franklin Biotechnology Discovery Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin Brazil Opportunities Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin Diversified Balanced Fund	0.40%	0.40%	N/A	N/A	N/A	up to 1.20%
Franklin Diversified Conservative Fund	0.30%	0.40%	N/A	N/A	N/A	up to 1.20%
Franklin Diversified Dynamic Fund	0.50%	0.40%	N/A	N/A	N/A	up to 1.25%
Franklin Euro Government Bond Fund	0.20%	0.40%	0.50%	0.75%	1.08%	0.75%
Franklin Euro High Yield Fund	0.40%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin Euro Liquid Reserve Fund	0.10%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin Euro Short Duration Bond Fund	0.20%	0.40%	0.50%	0.75%	1.08%	0.75%
Franklin Euro Short-Term Money Market Fund	0.10%	0.40%	0.50%	0.75%	1.08%	0.50%
Franklin Euroland Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin European Corporate Bond Fund	0.30%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin European Dividend Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin European Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin European Growth Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin European Income Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin European Small-Mid Cap Growth Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin European Total Return Fund	0.30%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin GCC Bond Fund	0.30%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin Global Aggregate Bond Fund	0.30%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin Global Aggregate Investment Grade Bond Fund	0.30%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin Global Allocation Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin Global Convertible Securities Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin Global Corporate High Yield Fund	N/A	0.40%	N/A	N/A	N/A	N/A
Franklin Global Equity Strategies Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin Global Fundamental Strategies Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin Global Government Bond Fund	0.30%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin Global Growth and Value Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin Global Growth Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin Global High Income Bond Fund	0.40%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin Global Listed Infrastructure Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin Global Multi-Asset Income Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin Global Real Estate Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin Global Small-Mid Cap Growth Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%

Franklin Gold and Precious Metals Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin High Yield Fund	0.40%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin Income Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin India Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin Japan Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin K2 Alternative Strategies Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin MENA Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin Mutual Beacon Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin Mutual European Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin Mutual Global Discovery Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin Natural Resources Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin Real Return Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin Strategic Income Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin Technology Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin U.S. Dollar Liquid Reserve Fund	0.10%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin U.S. Equity Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin U.S. Focus Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin U.S. Government Fund	0.30%	0.40%	0.50%	0.50%	1.08%	1.00%
Franklin U.S. Low Duration Fund	0.30%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin U.S. Opportunities Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin U.S. Small-Mid Cap Growth Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Franklin U.S. Total Return Fund	0.30%	0.40%	0.50%	0.75%	1.08%	1.00%
Franklin World Perspectives Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Templeton Africa Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton ASEAN Fund	0.50%	0.40%	0.50%	0.75%	1.08%	up to 1.25%
Templeton Asian Bond Fund	0.30%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Asian Dividend Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Asian Growth Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Asian Smaller Companies Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton BRIC Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton China Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Eastern Europe Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Emerging Markets Balanced Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Emerging Markets Bond Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Emerging Markets Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Emerging Markets Smaller Companies Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Euroland Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Templeton European Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Templeton Frontier Markets Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Global (Euro) Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Templeton Global Balanced Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Global Bond (Euro) Fund	0.30%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Global Bond Fund	0.30%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Global Equity Income Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Templeton Global Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Templeton Global High Yield Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Global Income Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Global Smaller Companies Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Templeton Global Total Return Fund	0.30%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Growth (Euro) Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.25%
Templeton Korea Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Latin America Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%
Templeton Thailand Fund	0.50%	0.40%	0.50%	0.75%	1.08%	1.00%

* Maintenance charge per annum applied to the average Net Asset Value of the Share Class.
** Maintenance charge per annum applicable to the average Net Asset Value of Class C Shares from the second and subsequent years of investment.

4. SERVICING CHARGES

Class B Shares

A servicing charge of **1.06%** per annum is applicable to the average Net Asset Value of Class B Shares.

Class C Shares

A servicing charge of **1.08%** per annum is applicable to the average Net Asset Value of Class C Shares during the first year of investment.