FRANKLIN TEMPLETON SERIES II FUNDS

PROSPECTUS

SOCIÉTÉ D'INVESTISSEMENT

À CAPITAL VARIABLE

INCORPORATED IN LUXEMBOURG

DATED AS OF 12 JUNE 2023

VISA 2023/173394-4657-0-PC
L'apposition du visa ne peut en aucun cas servir d'argument de publicité
Luxembourg, le 2023-06-26
Commission de Surveillance du Secteur Financier

FRANKLIN TEMPLETON SERIES II 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 127.818

OFFER

of separate Share Classes of no par value of Franklin Templeton Series II 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:

- **Franklin Emerging Market Debt Opportunities II Fund**

FRANKLIN TEMPLETON SERIES II 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 pursuant to Part II 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 alternative investment fund within the meaning of article 1(39) of the Law of 12 July 2013.

The Company has appointed Franklin Templeton International Services S.à r.l. (the "Management Company") with its registered office at 8A, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg as alternative investment fund manager to provide investment management, administration and marketing functions to the Company with the possibility to delegate certain of such functions to third-parties.

The Funds are registered in Luxembourg. The Funds may be marketed in Luxembourg and other member states of the EEA, to professional investors only, on the basis of the passport regime set out in article 29 and following of the Law of 12 July 2013.

The Company may apply for registration of the Shares in various other legal jurisdictions worldwide. Outside of the EEA, the Company may be marketed to any investors in compliance with any applicable local laws. 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. 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 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, unless otherwise mentioned in this Prospectus.

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 nationals or residents thereof, unless pursuant to an exemption from registration requirements available under US law, any applicable statute, rule or interpretation. Persons located (domiciled) in the US or other US Persons (as defined from time to time by Regulation S of the United States Securities Act of 1933) (collectively, "US Persons") are not eligible to purchase Shares 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, the provision by a potential investor of a non-US address on the application form for investment in the Company 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 US 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.

The attention of Investors is also drawn to the fixed amount which may be levied on transactions by Distributors, local paying agent and correspondent banks established in certain jurisdictions.

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.

The Company and the Management Company draw the Investors' attention to the fact that any Investor will only be able to fully exercise 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 Shares. The Principal Distributor may engage sub-distributors, intermediaries, brokers and/or professional investors (who may be affiliates of Franklin Templeton and who may receive part of the maintenance 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) 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). Notwithstanding the foregoing, the Management Company will also monitor the appointment and activities of the sub-distributors, intermediaries, brokers and/or professional investors as mentioned above.

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, 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' and Management Company's Powers

The Board of Directors is responsible for the Company's management and administration and has appointed the Management Company to perform the day-to-day management and administration of the Company in accordance with the Articles and the Alternative Investment Fund Management Agreement dated 28 April 2014 and effective as of 1 May 2014.

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 50 million, or the equivalent thereof in the currency of the relevant Fund, 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 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. 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: http://www.franklintempleton.lu and may be found on the Internet site of Franklin Templeton's Distributors and can be obtained free of charge and upon request at the registered office of the Company and the Management Company.

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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
"Administrative Agent"	J.P. Morgan SE, Luxembourg Branch (the Legal successor of J.P. Morgan Bank Luxembourg S.A.), to whom the Management Company has delegated some of the administrative agency services in relation to the Company
"Alternative Investment Fund" or "AIF"	a fund or Undertaking for Collective Investment ("UCI") that falls under the Alternative Investment Fund Managers Directive ("AIFMD"), terms for which definitions are provided separately
"AIFMD"	Alternative Investment Fund Managers Directive (Directive 2011/61/EU) including the Commission Delegated Regulation (EU) No. 231/2013 and the European Union (Alternative Investment Fund Managers Directive) Regulations (S.I. No. 257 of 2013) and any implementing measures as implemented in Luxembourg by the Law of 12 July 2013 on Alternative Investment Fund Managers
"Alternative Currency Class"	a Share Class in an alternative currency to the base currency of the Fund
"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 or gets exposure to, directly or through Investment Funds, more than one type of asset, such as equities or debt securities (including, but not limited to, bonds). The proportion in which a Balanced Fund gets exposure to each type of asset (the asset allocation) may be fixed or flexible. 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
"Board of Directors"	the board of directors of the Company
"Bond Connect"	is a mutual market access scheme allowing overseas investors to trade in bonds circulated on the China Interbank Bond Market (CIBM).
"Broker-Dealer"	financial intermediary or advisor
"Business Day"	any full day on which the banks in Luxembourg are normally open for business[1]
"CLO"	a Collateralised Loan Obligation (or CLO) is a form of structured product transaction whereby a special purpose vehicle is formed, issues a number of classes or "tranches" of debt securities with different payment priorities as well as a residual, equity class of securities to investors, and uses the proceeds of the sale of these securities in order to acquire a pool of collateral assets primarily consisting of syndicated commercial bank loans. Payments on the pool of collateral assets are used to pay off and/or redeem the investor securities over time pursuant to specified payment priorities, during which an investment manager manages the pool of collateral assets
"Commitment Method"	a method for measuring risk or "Exposure" that factors in the market risk of the underlying investments held in a UCI sub-fund or AIF, calculated by (i) taking the sum of the absolute values of the positions held, (ii) including the incremental Exposure associated with any financial derivatives instruments held by converting such financial derivatives into equivalent positions in the underlying assets of those derivatives (sometimes referred to as "notional exposure"), after (iii) netting and hedging arrangements where the market

[1] Effective 1st January 2024, "Business day" means a day on which the banks in the relevant jurisdiction(s), as set out in the relevant Funds' specific information sub-section, are normally open for business.

	value of underlying security positions may be offset by other commitments related to the same underlying positions, (iv) including the incremental Exposure through any reinvestment of borrowings where such reinvestment increases the exposure of the UCI or AIF, and (v) including any incremental Exposure created in accordance with repurchase / reverse repurchase agreements and securities lending or borrowing arrangements. Leverage according to the Commitment Method, including Exposure to underlying assets and the incremental Exposure from financial derivatives, repurchase/reverse repurchase agreements and securities lending and borrowings arrangements as described above, is expressed as an absolute percentage of total net assets. See Appendix B for more information
"Company"	Franklin Templeton Series II 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"
"CSSF"	*Commission de Surveillance du Secteur Financier* – The regulatory and supervisory authority of the Company in Luxembourg
"Data Protection Officer"	a person appointed by the Management Company as a data protection officer in accordance with the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC
"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
"Depositary"	J.P. Morgan SE, Luxembourg Branch (the Legal successor of J.P. Morgan Bank Luxembourg S.A.), a Luxembourg-based bank, has been appointed by the Company as the Company's depositary bank.within the meaning of the Law of 12 July 2013
"DIP"	"Debtor in Possession", a loan made to a corporation pursuant to Section 364 of the US Bankruptcy Code having the priority allowed by either Section 364 c or 364 d of the US Bankruptcy Code and fully secured by senior liens
"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, unless otherwise stated in the relevant Fund policy
"EEA"	European Economic Area
"Eligible State"	includes any member state of the European Union ("EU"), any member state of the Organisation for Economic Co-operation and Development ("OECD"), and any other state which the Directors deem appropriate with regard to the investment objective of each Fund
"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 in specific countries (country-specific Funds), geographic regions (regional Funds) or sectors (sector-specific Funds)

"EU"	European Union
"Exposure"	a measure of risk exposure for a UCI sub-fund or AIF that factors in the market risk exposure of underlying investments, including the incremental market risk exposure and actual or implied Leverage associated with borrowings or financial derivative instruments if and where held or entered into the portfolio. Under the AIFMD Directive, UCIs or AIFs are required to measure such risk exposure using both the "Gross Method" and the "Commitment Method". These exposure figures are then divided by total net assets to arrive at a ratio which indicates the level of Leverage for the UCI or AIF according to the two methods. Definitions for the two methods are provided separately
"FATCA"	Foreign Account Tax Compliance Act
"FFI"	a Foreign Financial Institution as defined in FATCA
"Financial Year"	The financial year of the Company ends on 31 October of each year
"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 organizations 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). The performance of Fixed Income Funds is often linked to broad economic factors and particularly any changes in interest rates
"Franklin Templeton "	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
"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
"Gross Method"	a method of calculating risk or "Exposure" that factors in the market risk of the underlying investments held in a UCI sub-fund or AIF, calculated by (i) taking the sum of the absolute values of the positions held, (ii) excluding the value of any cash and cash equivalents which are highly liquid and in the base currency of the UCI or AIF, as well as excluding cash borrowings that remain in cash or cash equivalents, (iii) including the incremental market risk Exposure associated with any financial derivatives instruments held by converting such financial derivatives into equivalent positions in the underlying assets of those derivatives (sometimes referred to as "notional exposure"), and (iv) including the incremental Exposure through repurchase/reverse repurchase agreements, securities lending or borrowing arrangements to the extent such activity, including any reinvestment of collateral or borrowings, increases the Exposure of the UCI or AIF. Leverage according to the Gross Method, including Exposure to underlying assets and the incremental Exposure from financial derivatives, repurchase/reverse repurchase agreements and securities lending and borrowings arrangements, is expressed as an absolute percentage of total net assets. See Appendix B for more information
"Holdings"	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)"	undertaking(s) for collective investment in which the Funds may invest, as determined in the investment restrictions described in Appendix B
"Investment Manager(s)"	a company 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. Where the Management Company does not delegate its investment management functions for one or more Funds, as reflected in the "Fund Information, Objectives And Investment Policies" section of the relevant Fund(s), references to the Investment Manager shall be construed as references to the Management Company (notably in relation to the fees to be levied by the Management Company for the performance of the investment management functions for the relevant Fund(s))
"Investor"	a purchaser of Shares in the Company either directly or through a distributor subscribing for Shares in its own name and on behalf of the relevant underlying purchaser of Shares in the Company
"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
"KID"	a packaged retail investment & insurance product key information document in accordance with Regulation 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products
"Law of 17 December 2010"	the Luxembourg Law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time
"Law of 12 July 2013"	the Luxembourg law of 12 July 2013 on alternative investment fund managers
"Leverage"	a risk measure that is expressed as a ratio calculated taking the sum of a specific Fund's Exposure to underlying assets plus the incremental Exposure from financial derivative instruments, repurchase/reverse repurchase agreements and securities lending or borrowings arrangements, divided by the Fund's total net assets
"Management Company"	Franklin Templeton International Services S.à r.l. or, where relevant, the members of the Management Company's board of managers
"MSCI Developed Market"	MSCI Country Classification that represents the following developed countries by region: (1) Americas – Canada, United States, (2) Europe & Middle East – Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Israel, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, (3) Pacific – Australia, Hong Kong, Japan, New Zealand, Singapore
"Net Asset Value per Share" or "NAV"	the value per Share of any Share Class determined in accordance with the relevant provisions described under the heading "Determination of Net Asset Value of Shares" as set out in Appendix D
"OECD"	Organisation for Economic Cooperation and Development
"Principal Distributor"	the Management Company acting as principal distributor of the Company
"Principal Paying Agent"	J.P. Morgan SE, Luxembourg Branch (the Legal successor of 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

"Purchase"	when the Prospectus states "purchase" or "how to purchase shares", it generally refers to a subscription of Shares
"QFI"	Qualified Foreign Investor (including qualified foreign institutional investors ("QFII") and Renminbi qualified foreign institutional investors ("RQFII") portfolio authorised by the China Securities Regulatory Commission of Mainland China to invest in the securities market of Mainland China
"Registrar and Transfer Agent"	Virtus Partners Fund Services Luxembourg S.à r.l, to whom the Management Company has delegated the registrar and transfer agency services in relation to the Company
"Regulated Market"	a market which is regulated, operates regularly and is recognised and open to the public in an Eligible State
"Sale" or "to sell"	when the Prospectus states « a sale » of shares or « how to sell shares », it generally refers to a redemption of Shares
"SFDR"	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector
"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
"SICAV"	*société d'investissement à capital variable*
"Taxonomy Regulation"	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, as may be amended from time to time
"Third Party Payment"	payments received from, or made by/to, a party other than the registered Investor
"UCI"	Undertaking for Collective Investment
"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
"UCITS Transferable Securities"	Securities which meet the requirements imposed by article 2 Directive 2007/16/EC
"USA" or "US"	United States of America
"USD"	United States Dollars
"Valuation 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)[2]
"WARF"	"Weighted Average Rating Factor", a numerical value employed to determine the overall asset quality of a credit based portfolio that is calculated based upon a methodology developed by Moody's that takes into account each individual asset within a portfolio and places emphasis on the relative proportion of the portfolio made up by each asset

[2] Effective 1st January 2024, "Valuation Day" means for each Fund, any such day as set out in the relevant Fund's specific information sub-section. Further information on the applicable Valuation Days for the Funds can be found on the website: http://www.franklintempleton.lu

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

CHAIRWOMAN:

Caroline Carroll
Director
Franklin Templeton Investment Management Limited
Cannon Place
78 Cannon Street
London EC4N 6HL
United Kingdom

DIRECTORS:

A. Craig Blair
Conducting Officer
Franklin Templeton International Services S.à r.l.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

William Jackson
Director
Franklin Templeton Investment Management Limited
5 Morrison Street
Edinburgh EH3 8BH, Scotland
United Kingdom

Hans-J. Wisser
Independent Director
Kälberstücksweg 37
61350 Bad Homburg
Germany

MANAGEMENT COMPANY

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.A R.L.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

Board of Managers of the Management Company

A. Craig Blair
Conducting Officer
Franklin Templeton International Services S.à r.l.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

Bérengère Blaszczyk
Head of distribution France&Benelux
Franklin Templeton International Services S.à r.l.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

Martin Dobbins
(Independent Manager)
Director
SAGE ADVISORY S.Á.R.L.
49 Rue de Luxembourg
L-3392 Roedgen
Grand Duchy of Luxembourg

William Jackson
Director
Franklin Templeton Investment Management Limited
5 Morrison Street
Edinburgh EH3 8BH
United Kingdom

Gwen Shaneyfelt
Senior Vice President- Global Accounting and Taxation
Franklin Templeton Companies, LLC
One Franklin Parkway
San Mateo
CA 94403-1906
United States of America

Jane Trust
Senior Vice President
Legg Mason & Co., LLC
100 International Drive, Baltimore, MD 21202
United States of America

Ed Venner
Chief Operating Officer – Distribution
Franklin Templeton Investment Management Limited
Cannon Place, 78 Cannon Street,
London, EC4N 6HL
United Kingdom

Conducting officers of the management company:

A. Craig Blair
Conducting Officer
Franklin Templeton International Services S.à r.l.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

Olga Frenkel
Conducting Officer
Franklin Templeton International Services S.à r.l.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

John Hosie
Conducting Officer
Franklin Templeton International Services S.à r.l.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

Daniel Klingelmeier
Conducting Officer
Franklin Templeton International Services S.à r.l.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

Rafal Kwasny
Conducting Officer
Franklin Templeton International Services S.à r.l.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

Maxime Lina
Conducting Officer
FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.À R.L.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

José Luis Perez
Conducting Officer
Franklin Templeton International Services S.à r.l.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

Marc Stoffels
Conducting Officer
Franklin Templeton International Services S.à r.l.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

INVESTMENT MANAGER:

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED
Cannon Place
78 Cannon Street
London EC4N 6HL
United Kingdom

REPRESENTATIVE:

In Switzerland:
FRANKLIN TEMPLETON SWITZERLAND LTD.
Stockerstrasse 38
CH-8002 Zurich
Switzerland

DEPOSITARY BANK:

J.P. MORGAN SE, LUXEMBOURG BRANCH
European Bank & Business Centre
6C, route de Trèves
L-2633 Senningerberg
Grand Duchy of Luxembourg

PRINCIPAL PAYING AGENT:

J.P. MORGAN SE, LUXEMBOURG BRANCH
European Bank & Business Centre
6 route de Trèves
L-2633 Senningerberg
Grand Duchy of Luxembourg

ADMINISTRATIVE AGENT:

J.P. MORGAN SE, LUXEMBOURG BRANCH
European Bank & Business Centre
6C, route de Trèves
L-2633 Senningerberg
Grand Duchy of Luxembourg

REGISTRAR AND TRANSFER AGENT

VIRTUS PARTNERS FUND SERVICES LUXEMBOURG S.à r.l.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

LOCAL PAYING AGENT:

In Switzerland:
NPB New Private Bank Ltd.
Limmatquai 1/am Bellevue
P.O. Box
CH-8022 Zurich
Switzerland

AUDITORS:

ERNST & YOUNG S.A.
35E avenue John F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISERS:

ELVINGER HOSS PRUSSEN, société anonyme
2, Place Winston Churchill
L-1340 Luxembourg
Grand Duchy of Luxembourg

REGISTERED OFFICE:

8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

Contact Details:
Tel: +352 46 66 67 212 Fax: +352 46 66 76
E-mail: lucs@franklintempleton.com
Website: http://www.franklintempleton.lu

FUND INFORMATION, OBJECTIVES AND INVESTMENT POLICIES

The exclusive objective of the Company is to invest the assets of the Funds in transferable securities and other permitted assets of any kind, including units or shares of Investment Funds, with the purpose of spreading investment risks and affording its Shareholders the results of the management of its assets.

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) and any further restrictions imposed in the investment policy of the relevant Fund. 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 in Appendix B and in the investment policy of the relevant Fund, 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.

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.

Any material change to the investment objective and/or the investment policy of the Company decided by the Board of Directors shall be reflected in this Prospectus upon approval from the CSSF and shall be notified to the shareholders in accordance with applicable Luxembourg regulatory requirements.

The Management Company has implemented a policy in respect of the integration of sustainability risks in its investment decision making-process. The Management Company and/or Investment Manager(s) integrate sustainability risks and opportunities into their research, analysis and investment decision-making processes.

Sustainability risk means an environmental, social, or governance event or condition, that, if it occurs, could potentially or actually cause a material negative impact on the value of a Fund’s investment. Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks.

Sustainability risks, as further described in the section "Risk Considerations", are important elements to consider in order to enhance long-term risk adjusted returns for investors and determine specific Fund’s strategy risks and opportunities. All Funds of the Company do currently integrate sustainability risk in their investment decision making-process. Integration of sustainability risk may vary depending on the Fund’s strategy, assets and/or portfolio composition. The Management Company and/or relevant Investment Managers make use of specific methodologies and databases into which environmental, social, and governance (ESG) data from external research companies, as well as own research results, are incorporated. Assessment of sustainability risks is complex and may be based on ESG data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

To the extent that a sustainability risk occurs, or occurs in a manner that is not anticipated by the Management Company and/or the relevant Investment Manager/Investment Manager’s models, there may be a sudden, material negative impact on the value of an investment, and hence on the Net Asset Value of the Fund. Except where sustainability risk is not deemed relevant for a particular Fund, in which case further explanation can be found in the Fund specific section, such negative impact may result in an entire loss of value of the relevant investment(s) and may have an equivalent negative impact on the Net Asset Value of the Fund.

Unless otherwise stated in a Fund's specific information sub-section below, the investments underlying a Fund do not take into account the EU criteria for environmentally sustainable economic activities, including enabling or transitional activities, within the meaning of the Taxonomy Regulation.

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

FRANKLIN EMERGING MARKET DEBT OPPORTUNITIES II FUND

Asset Class
Fixed income Fund

Base Currency
Euro (EUR)

Valuation Day (effective 1st January 2024)
A day on which the retails banks in UK are open for normal business (other than during a suspension of normal dealing), further information on the applicable Valuation Days for the Fund can be found on the website: http://www.franklintempleton.lu.

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

Investment Policy
The Fund seeks to achieve its investment objective by investing primarily in fixed and floating rate debt securities and debt obligations of government and government related issuers as well as supranational entities organised or supported by several national governments and corporate issuers located in emerging market countries and/or deriving a significant proportion of their economic activity from developing or emerging countries. The Fund may also invest in money market instruments and enter into repurchase agreements.

The Fund will invest no more than 20% of its assets in securities that (i) are not admitted to the official market on an exchange in a member state of the European Union or in another contracting state to the Agreement on the European Economic Area and (ii) are not admitted to or included in another organised market in these states and (iii) are not admitted to or included in one of the markets listed in Appendix F (collectively the "Eligible Markets").

Where the Fund invests in "when issued" securities, the aforementioned 20% limit does not apply if the terms of such securities provide that an application for admission to or inclusion in an Eligible Market will be made for such securities and the admission or inclusion occurs within one year after their issue.

The Fund will not invest in securities which fail to qualify as UCITS Transferable Securities.

All investments in debt securities will, at time of purchase, be rated as B minus or above by Standard & Poor's and/or equivalent if rated by other ratings agencies. In this respect, if two different ratings are used, only the lesser will be considered and if three different ratings are used, then the lesser of the two better ratings will be considered. If unrated, securities must be declared to be of comparable quality by the Investment Manager. If at any time securities are downgraded below B minus, they shall be sold within 6 months (unless upgraded during this period); however, should the downgraded securities in aggregate represent less than 3% of the value of the total assets, the Investment Manager may decide to keep holding some or all of the downgraded securities if it is in the best interest of the investors.

The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may be dealt in either on Regulated Markets or over-the-counter, and may include, *inter alia*, swaps (such as credit default swaps or total return swaps), forwards and cross currency forwards, futures contracts, as well as options. 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 developing or emerging country. When utilizing derivative instruments for investment purposes, the Fund will at all times observe the restrictions applicable to UCITS under article 50 para 1 (g) of Directive 2009/65/EC.

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.

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

- income yield and long-term capital appreciation by investing in emerging markets debt obligations excluding securities rated below B minus
- 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
- Debt Securities risk
- Derivative Instruments risk
- Emerging Markets risk
- Foreign Currency risk

- Frontier Markets risk
- Liquidity and Foreign Investment Controls risk
- Liquidity risk
- Market risk
- Political and Economic risk
- Repurchase and Reverse Repurchase Transactions risk
- Swap Agreements risk
- Warrants risk

Leverage
The maximum level of Leverage permitted in respect of the Fund is as follows:
(a) using the Gross Method for calculating Exposure, the ratio is 210% of the Fund's net assets; and
(b) using the Commitment Method for calculating Exposure, the ratio is 170% of the Fund's net assets.

Investment Manager(s)
Franklin Templeton Investment Management Limited.

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.

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.

In recent years, political tensions within Hong Kong have risen. Such increased political tensions could have potential impacts on the political and legal structures in Hong Kong. They could also affect investor and business confidence in Hong Kong, which in turn could affect markets and business results.

There are also risk and uncertainties associated with the current Mainland China tax laws, regulations and practice in respect of capital gains realized on the Fund's investment in Mainland China (which may have retrospective effect). Any increased tax liabilities on the Fund may adversely affect the Fund's value.

Funds investing in the Chinese Market may also be subject to other specific risks listed below:

China Bond Connect risk

Bond Connect is a mutual market access scheme allowing overseas investors to trade in bonds circulated on the China Interbank Bond Market (CIBM) through connection between the Mainland and Hong Kong financial infrastructure institutions without quota limitations.

The Northbound Trading link commenced on 3 July 2017 with transactions being made possible through mutual access arrangements in respect of trading, custody and settlement. It involves China Foreign Exchange Trading System, China Central Depository & Clearing Co, Shanghai Clearing House, Hong Kong Exchanges & Clearing plus the Central Moneymarkets Unit (CMU). A delivery versus payment (DVP) settlement system for transactions through the Bond Connect scheme was implemented in August 2018 thereby reducing settlement risk.
The ultimate foreign eligible investors are the beneficial owners of the relevant CIBM bonds and may exercise their rights against the bond issuer through CMU as the nominee holder. The nominee holder may exercise its creditor rights and bring actions against bond issuers in Chinese courts.

CIBM securities traded via the Bond Connect can be subject to risks including but not limited to risk of default from counterparties, settlement risk, liquidity risk, operational risk, regulatory risks, PRC tax risk and reputational risk.

The Bond Connect encompasses recently developed trading systems. There can be no assurance that those systems will function correctly or will not be subject to further changes or adaptation. The relevant rules and regulations may be subject to change which may have potential retrospective effect. If the relevant mainland Chinese authorities suspend account opening or trading on the CIBM, the Funds' ability to invest in the CIBM will be adversely affected. In such event, the Funds' ability to achieve its investment objective may be negatively affected.

There is no specific written guidance by the Mainland China tax authorities on the treatment of income tax and other tax categories payable in respect of trading in the CIBM by eligible foreign investors via the Bond Connect.

Securities traded through the Bond Connect may be subject to a range of reputational risks such as risks borne by companies being subject to cyber abuses, sanctions concerns and negative accusations over labor and human rights, environmental degradation, ties to high-risk countries and entities overseas.

China QFI risk
The Company may invest in China A-Shares through a qualified foreign investor (QFI) portfolios. Such QFI schemes are authorised by the China Securities Regulatory Commission of Mainland China thus permitting investments in the securities market of Mainland China (China A-Shares). The laws, regulations, including measures allowing QFIs 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 China A-Shares.

The redemption of the China A-Shares may depend, inter alia, on the Mainland China laws and practice affecting Investor'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 QFI's portfolio and/or China A-Shares should in particular be informed that the liquidity of securities held by the Fund may be substantially limited and might therefore affect the Fund’s ability to meet redemption requests.

Shanghai-Hong Kong Stock Connect and Shenzhen-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 and/or Shenzhen-Hong Kong Stock Connect (together referred to as "Stock Connect"). Shanghai-Hong Kong Stock Connect is a securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), Shanghai Stock Exchange ("SSE") and China Securities Depository and Clearing Corporation Limited ("ChinaClear"). Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links programme developed by HKEx, Shenzhen Stock Exchange ("SZSE") and ChinaClear. The aim of Stock Connect is to achieve mutual stock market access between Mainland China and Hong Kong.

The Stock Connect comprises two Northbound Trading Links, one between SSE and Stock Exchange of Hong Kong Limited ("SEHK"), and the other between SZSE and SEHK. Stock Connect will allow foreign investors to place orders to trade eligible China A-Shares listed on the SSE ("SSE Securities") or on the SZSE ("SZSE Securities") (the SSE Securities and SZSE Securities collectively referred to as the "Stock Connect Securities") through their Hong Kong based brokers.

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 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 PRC regulators from time to time. The SZSE Securities include all the constituent stocks from time to time of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which has a market capitalization of at least RMB 6 billion, and all the SZSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except those SZSE-listed shares (i) which are not quoted and traded in RMB, (ii) which are included in the "risk alert board"; (iii) which have been suspended from listing by the SZSE; and (iv) which are in the pre-delisting period. The list of eligible securities may be changed subject to the review and approval by the relevant PRC 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/Documents/Investor_Book_En.pdf

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 programmes are subject to a daily quota limitation which may restrict a Funds' ability to invest in Stock Connect Securities through the programmes on a timely basis. In particular, once the Northbound daily quota is reduced to zero or the Northbound daily quota is exceeded during the opening call session, new buy orders will be rejected (although investors will be allowed to sell their cross–boundary securities regardless of the quota balance).

Suspension risk
Each of the SEHK, SZSE and SSE reserves the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. In case of a suspension, the Funds' ability to access the Mainland China market will be adversely affected.

Differences in trading day
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 day. Due to the difference in trading days between the Mainland China and the Hong Kong markets, there may be occasions when it is a normal trading day for the Mainland China market but not in Hong Kong and, accordingly, the Funds cannot carry out any Stock Connect Securities trading. The Funds may therefore be subject to a risk of price fluctuations in China A-Shares during the periods when Stock Connect is not operational.

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 both SZSE and 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
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 PRC'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 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 Stock Connect Securities through Northbound trading should maintain the Stock Connect 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 Stock Connect 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 Stock Connect 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 Stock Connect 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 Depositary 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 Stock Connect 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 Depositary 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.

Class Hedging risk
The Company may engage in currency hedging transactions with regard to a certain Share Class (the "Hedged Share Class"). Hedging transactions are designed to reduce, as much as possible, the currency risk for investors.

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. 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% by a small margin (as further detailed in the Hedged Share Classes sub-section) as in the case of a net investment 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.

There is no guarantee that attempts to hedge currency risk will be successful and no hedging strategy can eliminate currency risk entirely. Should a hedging strategy be incomplete or unsuccessful, the value of that Fund's assets and income can remain vulnerable to fluctuations in currency exchange rate movements.

In the case of a net investment 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.

Investors should be aware that there may be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the relevant Fund. The gains/losses on and the costs of such hedging transactions will accrue solely to the relevant Hedged Share Class.

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.

More details as to the rules governing allocation of assets and liabilities at a Share Class level are contained in Appendix D.

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 or a concentrated allocation to a given economic sector, market segment or geographical area. 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, sectors or geographical areas will have a greater impact on the Funds' assets. The relevant Funds may be adversely affected as a result of such greater volatility or risk.

Convertible and Hybrid 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 at a specified conversion price. 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.

Hybrid securities are those that, like convertible securities described above, combine both debt and equity characteristics. Hybrids may be issued by corporate entities (referred to as corporate hybrids) or by financial institutions (commonly referred as contingent convertible bonds or "CoCos"). Hybrid securities are subordinated instruments that generally fall in the capital structure between equity and other subordinated debt, i.e. such securities will be the most junior securities above equity. Such securities will generally have a long maturity and may even be perpetual in nature. Coupon payments may be discretionary and as such may be cancelled by the issuer at any point, for any reason, and for any length of time. The cancellation of coupon payments may not amount to an event of default. Hybrid securities are callable at pre-determined levels. It cannot be assumed that hybrid securities, including perpetual securities, will be called on the call date. The investor may not receive return of principal on a given call date or on any date.

Contingent convertible securities issued by financial institutions ("CoCos"), which became popular following the 2008-2009 financial crisis as a way of mitigating the impact of stressed market conditions, have certain additional characteristics not typical of corporate hybrids. For CoCos, conversion is tied to a pre-specified trigger event based on the capital structure of the financial institution and/or to when the regulator deems the bank to be no longer viable. The contingent convertible bond may convert to equity or, alternatively, may be purely loss absorbing and convert to nothing. Trigger levels may differ from one issue to the next and the risk of conversion will depend on the distance of the capital ratio to the trigger level and/or the point at which the regulator deems the issuer no longer viable (i.e. the bonds are "bail-in-able" at the "point of non-viability" or PONV), making it difficult for the Investment Manager and/or Investment Co-Managers of the relevant Fund to anticipate the triggering events that would require the debt to convert into equity or be simply loss absorbing. It may also be difficult for the Investment Manager and/or Investment Co-Manager to assess how the securities will behave upon conversion. 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. Whereas traditional convertible securities are convertible at the option of the holder and the holder of such bonds will generally convert when the share price is higher than the strike price (i.e. when the issuer is doing well), CoCos tend to convert when the issuer is in crisis and needs additional equity or loss absorption in order to survive. As a result, there is greater potential for capital loss with CoCos compared to conventional convertible securities. The trigger could be activated through a material loss in capital as represented in the numerator or an increase in risk weighted assets (due to a shift to riskier assets) as measured in the denominator. Unlike for corporate hybrids, cancelled coupon payments do not generally accumulate and are instead written off. Holders of CoCos may see their coupons cancelled while the issuer continues to pay dividends on common equity, unlike the case of corporate hybrids which typically have so-called "dividend pusher/stopper clauses" which link the payment of hybrid coupons to equity dividends. CoCos may suffer from capital structure inversion risk, since investors in such securities

may suffer loss of capital when equity holders do not in the event the pre-defined trigger is breached before the regulator deems the issuer non-viable (if the regulator declares non-viability before such a breach, the normal creditor hierarchy should apply). The value of CoCos may be subject to a sudden drop in value should the trigger level be reached. A Fund may be required to accept cash or securities with a value less than its original investment or, in the event of instances where the contingent convertible bond is intended to be only loss absorbing, the Fund may lose its entire 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 floating rate and fixed income securities as well as money market instruments, is the risk 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, and 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 some of the 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 Obligations, loan credit default swaps or credit default swaps, credit indices derivatives, structured products, incorporated debt or bank loan obligations. Such Obligations may represent the obligations of one or more corporate issuers. The Fund 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 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. 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 securities 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(s) believe(s) is fair.

The value of a credit-linked security will typically increase or decrease with any change in value of the underlying 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 the Fund are based on amounts received in respect of, or the value of performance of, any underlying 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.

Custody risk
Assets of the Company are safe kept by the custodian and Investors are exposed to the risk of the custodian not being able to fully meet its obligation to restitute in a short timeframe all of the assets of the Company in the case of bankruptcy of the custodian. The assets of the

Company will be identified in the custodian's books as belonging to the Company. Securities and debt obligations (including loan assignments and loan participations) held by the custodian will be segregated from other assets of the custodian which mitigates but does not exclude the risk of non-restitution in case of bankruptcy. However, no such segregation applies to cash which increases the risk of non-restitution in case of bankruptcy. The custodian does not keep all the assets of the Company itself but uses a network of sub-custodians which are not part of the same group of companies as the custodian. Investors are also exposed to the risk of bankruptcy of the sub-custodians. A Fund may invest in markets where custodial and/or settlement systems are not fully developed.

Debt Securities risk

All Funds that invest in debt securities or money market instruments are subject to interest rate risk, credit risk, default risk and may be exposed to specific risks including but not limited to sovereign risk, high yield securities risk, restructuring risk and risk related to the use of credit ratings.

A fixed income security's value will generally increase in value when interest rates fall and decrease in value when interest rates rise. Fixed income securities with longer-term maturities tend to be more sensitive to interest rate changes than shorter-term securities.

Variable rate securities (which include floating-rate debt securities) generally are less sensitive to interest rate changes than fixed rate debt securities.

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.

Sovereign debt securities can be subject to 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. There are generally no bankruptcy proceedings for sovereign debt. If a sovereign debtor defaults (or threatens to default) on its sovereign debt obligations, the indebtedness may be restructured. In the event of a default on sovereign debt, a Fund may have limited legal recourse against the defaulting government entity.

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.

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 loss, 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 less liquid and their prices fluctuate more than higher-quality securities.

Some Funds may also invest in the securities of companies involved in mergers, consolidations, liquidations and reorganisations (including those involving bankruptcy). Such corporate events could be disruptive to the business and management structure of the companies involved, which may expose the Funds to higher investment risk.

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.

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.

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 transferred to the counterparty if a Fund has a net loss on a given transaction and a Fund may hold collateral received from 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 favourable 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 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. Distressed securities are commonly understood as securities issued by companies undergoing financial pressure due to possible bankruptcy, re-structuration, or other financial turmoil. Changing market conditions may have a greater adverse impact on such securities and a portfolio holding substantial amounts of distressed securities 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.

For the purpose of this Prospectus, distressed securities are to be understood as including defaulted securities, and securities that are being rated CCC or below by at least 2 ratings agencies, or if unrated, their equivalent and have a credit spread above 1,000 bps.

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 Policy risk
Certain Funds, particularly those that pursue investment strategies seeking to generate income, may have a dividend policy that allows for payment of dividends out of capital as well as from income and net realised and net unrealised capital gains. Where this is done, while it may allow for more income to be distributed, it also amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment.

This has the effect of reducing capital and the potential for long-term capital growth as well as increasing any capital losses. Examples of when this may occur include:

- 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 such that fees and expenses are paid out of net realised and net unrealised capital gains or initially subscribed capital.

Any distributions of dividends made partially or entirely out of the Fund's capital may reduce capital growth and may result in an immediate reduction of the net asset value per share. See also "Taxation of the Company" section below.

Emerging Markets risk
All Fund investments in the securities issued by corporations, governments, and public-law 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. In addition, certain markets, particularly Russia, the New Independent States that were formerly part of the Soviet Union, and certain Eastern European countries that were previously under the influence of the Soviet Union involve significant risks and special considerations not normally associated with other more developed markets. Among these risks are a potentially low level of investor protection, poor or opaque corporate governance, legislative or legal risk (that laws may be changed with retrospective and/or immediate effect) and political risk (that the interpretation or method of enforcement or laws may be changed with a consequent and adverse effect on the Fund). In addition, there are economic, currency, inflation, and taxation risks as well as the risk of loss due to lack of adequate systems for transferring, pricing, accounting for, and safekeeping or record keeping of securities.

In particular, in respect of high-risk emerging market countries, the Net Asset Value, the marketability and the returns derived from a particular Fund's investments may be significantly affected by uncertainties such as political or diplomatic developments, social and religious instability, changes in government policies, taxation and interest rates, currency conversion and repatriation, and other political, economic, legislative or regulatory developments in emerging markets and, in particular, the risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level of foreign ownership. All of these events may adversely affect the overall investment climate and, in particular investment opportunities for the relevant Fund. The denomination "Emerging Markets" covers a wide range of countries with differing economic and political situations. A degree of portfolio concentration in high-risk emerging market countries will entail greater exposure to the risks described above for a given portfolio.

ESG Regulatory Risk
The regulatory framework with respect to sustainable investments is constantly developing and evolving. The lack of common or harmonised definitions and labels regarding ESG and sustainability criteria or clear guidelines on the required level of disclosure may result in different approaches by asset managers when integrating ESG and sustainability criteria into investment decisions and updating the marketing documentation of an investment vehicle. Therefore, a degree of subjectivity is required and this will mean that a Fund may invest in a security that another asset manager or an investor would not and the level of disclosure in the Company's marketing documentation may be more or less detailed than the disclosure inserted in the marketing documentation of other investment vehicles. Hence, it may be difficult to compare investment vehicles, with ostensibly similar objectives as these investment vehicles will employ different security selection and exclusion criteria. Consequently, the performance profile of otherwise similar investment vehicles may deviate more substantially than might otherwise be expected. This also means that the approach which has been subjectively selected may potentially differ from positions adopted at a later stage at EU level or by national supervisory authorities, which might entail a reputational risk or be considered as involuntary greenwashing.

Foreign Currency risk
Since the Company may value the portfolio holdings of each of its Funds in various currencies, 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.

Funds which use currency management strategies, including the use of cross currency forwards and currency futures contracts, may substantially change the Fund's exposure to currency exchange rates and could result in losses to the Fund if the currencies do not perform as the Investment Manager expects.

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.

Underlying 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 Underlying 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 Underlying 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 Underlying Exchange Traded Fund ("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 their values may fluctuate due to factors not related to their net asset value 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 AIFMD, as implemented in the Luxembourg legal framework by the Law of 12 July 2013, may lead to additional operating costs and limit the ability of the Management Company to delegate to some Investment Managers. The AIFMD regulates managers of alternative investment

funds that are not Undertakings for the Collective Investment of Transferable Securities ("UCITS") but which are marketed or managed in the EU. The AIFMD restricts the Management Company and the Company from engaging in certain activities and imposes certain other requirements that may restrict their operations and increase the operating expenses of the Company. The Management Company is required to provide to regulators, among other things, information regarding the liquidity of the Company's assets and information regarding the Company's risk profile, Leverage, if any, and the Company's risk management systems on an ongoing basis. Although the AIFMD does not impose any specific limits on Leverage, it does require that internal Leverage limits are set for the Company. The Management Company is also required to provide to regulators information regarding the main categories of assets in which the Company has invested. In addition, the Management Company will be required to comply with minimum initial and ongoing capital requirements. The AIFMD also requires the Management Company to periodically conduct regular "stress tests" in respect of the Company that allow it to monitor the Company's liquidity risk, which may increase its operating expenses. In addition, the AIFMD requires that an independent depositary is appointed for the Company, whose primary responsibility is to safe-keep the Company's assets, including verification of the Company's ownership of such assets. Additional restrictions are imposed on the Management Company's ability to delegate the portfolio and risk management of the Company, including to its affiliates. Delegation to non-EU investment managers requires such delegates to comply with certain additional requirements of the AIFMD.

Liquidity and Foreign Investment Controls risk

Some Funds may invest in illiquid assets and this may restrict the ability of such Funds to dispose of its investments in a timely fashion and for a fair price, as well as its ability to take advantage of market opportunities. Additionally, no established secondary markets may exist for some of the emerging country debt obligations in which the Funds may invest. This reduced liquidity may have an adverse effect on their market price, reduce the Funds' ability to dispose of its investments when advisable and make it more difficult for the Funds to obtain accurate market quotations for the purposes of valuing its portfolio.

Although the market for emerging country debt is currently reasonably liquid, this position would alter if a substantial reduction in the number of investors in this market were to occur. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value or liquidity of such assets.

Foreign investment in certain emerging country debt securities is restricted or controlled to varying degrees and these controls may at times prevent the Funds from investing in particular securities. Further, governmental approval may be required for the repatriation of investment income, capital or the proceeds of sales of such securities by foreign investors. The Funds could be adversely affected by delays in, or refusals to grant, any required governmental approval.

Investors should note that where a Fund invests in emerging markets these investments may carry risks with failed or delayed settlement and with registration and custody of securities. The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets which may result in problems in realising investments.

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. A Fund may invest in investments that are not readily marketable or are subject to restrictions on resale. Obligations and debt securities in which any Fund may invest may be subject to significant restrictions on resale. They do not have the liquidity of conventional investment grade debt securities and may be considered illiquid. 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. 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.

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, a particular industry or sector, such as changes in production costs and competitive conditions within an industry, or a specific country. Unexpected events such as natural or environmental disasters (earthquakes, fires, floods, hurricanes, tsunamis) and other severe weather-related phenomena generally, or widespread disease, including pandemics and epidemics, have been and can be highly disruptive to economies of individual companies, sectors, industries, nations, markets and adversely impacting currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of the Fund’s investments. Given the interdependence among global economies and markets, conditions in one country, market, or region are likely to adversely affect markets, issuers, and/or foreign exchange rates in other countries. These disruptions could prevent the Fund from executing advantageous investment decisions in a timely manner and could negatively impact the Fund’s ability to achieve its investment objective.

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. All investments in financial markets may decrease in value.

Model risk
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 investment performance generated by these models may perform differently than anticipated and may negatively affect Fund performance. 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).

Mortgage Dollar Roll risk
Some Funds 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.

Distributor subscribing for Shares in its own name and on behalf of an underlying Investor 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 distributor subscribing for Shares in its own name and on behalf of an underlying Investor 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.

Investors' attention is drawn to the fact that any Investor will only be able to fully exercise his Shareholder’s rights directly against the Company, if the Investor is registered himself in the Company’s Shareholders' register. In cases where an Investor invests in the Company through distributor subscribing for Shares in its 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. Investor investing through distributor subscribing for Shares in its own name and on behalf of the relevant Investor or custodian must notably be aware that in case of discontinuity in the operation of such intermediary or custodian, whether due to insolvency, bankruptcy or other cause, there is a risk of delay in the ability to exercise rights or even loss of rights. Investors are advised to take advice on their rights.

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. Such markets present unusual risks compared to more developed markets that benefit from a regulatory regime that is more established and transparent.

Political and Economic risk
Many of the sovereign and corporate debt obligations which some Funds will acquire are generally considered by international credit rating agencies such as Moody's and Standard & Poor's to be below "Investment Grade". As such, they are regarded by these credit rating agencies as speculative with regard to the borrower's capacity to pay interest and repay principal in accordance with their terms and as involving major risk exposure to adverse market conditions.

Investments in sovereign and corporate debt obligations which are below "Investment Grade" are subject to the risk that the issuer could default on its obligations and that a Fund could sustain losses on such investments.

It is likely that below "Investment Grade" sovereign debt obligations may offer less liquidity than "Investment Grade" sovereign debt obligations. Accordingly, there may be no readily available market for the timely liquidation of certain investments made by a Fund in such investments.

A number of the countries in whose debt obligations the Funds plan to invest are exposed to the risks of political and economic instability, including high rates of inflation and currency fluctuation. Further, the ability of such countries to service their debt commitments is dependent on the health of their economies generally and on the accumulation of sufficient foreign currency assets in the form of balance of payment surpluses and international currency reserves.

"Pre-Payment" and Refinancing risk
Generally, loans can be paid back ("pre-payment") or refinanced before their maturity date. The possibility of "pre-payment risk" or refinancing risk may force the Fund to reinvest the proceeds of such investment in securities offering lower yields, thereby reducing the Fund's interest income, or to experience negative market value returns and/or potential principal losses, if these loans are trading at a premium to their principal amount and are subsequently paid down or refinanced at par value.

Reinvestment of Collateral risk
Following reinvestment of collateral as defined in Appendix B. of this Prospectus "Investment Restrictions", the entirety of the risk considerations set out in this section regarding regular investments apply.

Repurchase and Reverse Repurchase Transactions risk
The entering by the Company into repurchase or reverse repurchase agreements 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 collateral received by the Company in respect of repurchase agreements transactions may be cash, US Government or Agency Treasury bills, Treasury notes or Treasury bond supported by the full faith and credit of the US government or EU Government or Agency (including supranational agencies) bonds. Any incremental income generated from repurchase agreement transactions will be accrued to the relevant Fund.

In a reverse repurchase transaction, a Fund could incur a loss if the value of the purchased securities has decreased in value relative to the value of the cash or margin held by the relevant Fund.

The collateral received by the Company in respect of repurchase agreements transactions may be cash, US Government or Agency Treasury bills, Treasury Notes or Treasury bonds supported by the full faith and credit of the US government or EU Government or Agency (including supranational agencies) bonds.

Reuse of Collateral and financial instruments risk
In accordance with market standard OTC derivative, securities lending, repurchase or reverse repurchase master agreements, when securities are transferred to the counterparty, the counterparty will obtain, either (i) a full legal title to the securities it receives, under a title transfer collateral arrangement; or (ii) a right to use the securities it receives, under a security collateral arrangement.

As required by Article 15 of the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) N° 648/2012, the Company will be informed in writing by its counterparties of the risks and consequences that may be involved in either (i) concluding a title transfer collateral arrangement; and (ii) granting a right of use of collateral provided under a security collateral arrangement; as summarized below:

– All rights, including any proprietary rights that the Company may have had, in those financial instruments will be replaced by an unsecured contractual claim for delivery of equivalent financial instruments subject to the terms of the relevant master agreement;

- The counterparty will not hold financial instruments in accordance with client asset rules and any asset protection rights will not apply (for example, the financial instruments will not be segregated from the counterparty's assets and will not be held subject to a trust);

- If the counterparty enters insolvency or defaults under the relevant master agreement the Company's claim against the counterparty for delivery of equivalent financial instruments will not be secured and will be subject to the terms of the relevant master agreement and applicable law and, accordingly, the Company may not receive such equivalent financial instruments or recover the full value of the financial instruments (although the Company's exposure may be reduced to the extent that the counterparty has liabilities to it which can be set off or netted against or discharged by reference to the counterparty's obligation to deliver equivalent financial instruments to the Company);

- In the event that a resolution authority exercises its powers under any relevant resolution regime in relation to a counterparty any rights the Company may have to take any action against the counterparty, such as to terminate the relevant master agreement, may be subject to a stay by the relevant resolution authority and:

    a. the Company's claim for delivery of equivalent financial instruments may be reduced (in part or in full) or converted into equity; or
    b. a transfer of assets or liabilities may result in the Company's claim on the counterparty, or the counterparty's claim on the Company, being transferred to different entities although the Company may be protected to the extent that the exercise of resolution powers is restricted by the availability of set-off or netting rights;

- Subject to the terms of the relevant master agreement, (i) the Company will not be entitled to exercise any voting, consent or similar rights attached to the financial instruments and (ii) the counterparty will have no obligation to inform the Company of any corporate events or actions in relation to those financial instruments;

- If the counterparty is unable to readily obtain equivalent financial instruments to deliver to the Company at the time required, the Company may be unable to fulfil its settlement obligations under any other transaction it has entered into in relation to those financial instruments;

- The Company will not be entitled to receive any dividends, coupon or other payments, interests or rights (including securities or property accruing or offered at any time) payable in relation to those financial instruments, although the Company may be credited with a payment by reference to such dividend, coupon or other payment (a "manufactured payment");

- The tax treatment applicable to (i) financial instruments (and any equivalent financial instruments) that have been transferred or used as collateral and (ii) manufactured payments may differ from the tax treatment in respect of the original dividend, coupon or other payment in relation to those financial instruments.

Securities Lending risk

The Company may lend each Fund's portfolio securities to specialised banks, credit institutions and other financial institutions of high standing, or through recognised clearing institutions such as Clearstream or Euroclear. The lending of securities will be made for periods not exceeding thirty (30) calendar days. Loans will be secured continuously by collateral consisting of cash, and/or securities issued or guaranteed by member states of the OECD or by their local authorities which at the conclusion of the lending agreement, must be at least equal to the value of the global valuation of the securities of each Fund lent. The collateral must be blocked in favour of the Company until the termination of the lending contract. Lending transactions may not be carried out on more than 50% of the aggregate market value of the securities of each Fund's portfolio; provided, however, that this limit is not applicable where the Company has the right to terminate the lending contract at any time and obtain restitution of the securities lent. Any transaction expenses in connection with such loans may be charged to the concerned Fund.

Securitisation risk

A securitisation, as defined in the article 2 of Regulation (EU) 2017/2402 of the European Parliament and of the council of 12 December 2017 is a transaction or scheme, whereby the credit risk associated with an exposure or a pool of exposures is tranched, having all of the following characteristics: (i) payments in the transaction or scheme are dependent upon the performance of the exposure or of the pool of exposures; (ii) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme; (iii) the transaction or scheme does not create exposures which possess all of the characteristics listed in Article 147(8) of Regulation (EU) No 575/2013.

Securitisation encompasses a wide-range of assets including "Asset-backed Securities", "Collateralised Debt Obligations" and "Mortgage-backed Securities".

A Securitisation is composed of multiple tranches, usually spanning from the equity tranche (highest risk) to the senior tranche (the lowest risk). The performance of each tranche is determined by the performance of the underlying assets or "collateral pool".

The collateral pool can encompass securities with different credit qualities, including high-yield securities and junk bonds, and the credit rating of the tranche is not reflective of the quality of the underlying assets.

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.

Collateralised Loan/Debt Obligations (CLOs/CDOs) are similar to ABS/MBS type of securities. The main difference being the nature of the collateral pool, which is not constituted of debt securities or mortgages but rather leveraged loans issued by corporates.

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.

Sustainability risk

The Investment Manager(s) consider that sustainability risks are relevant to the returns of the Funds. The integration of sustainability risks in the investment decision process may have the effect of excluding profitable investments from the investment universe of the Funds and may also cause the Funds to sell investments that will continue to perform well.

Appreciation of sustainability risk is to a degree subjective and there is no guarantee that all investments made by the Funds will reflect beliefs or values of any particular investor on sustainable investments.

A sustainability risk could materialise as the occurrence of an environmental, social or governance event or condition causing material negative impact on the value of one or several investments and thus negatively affecting the returns of the Funds.

Sustainability risks can manifest themselves in different ways, such as but not limited to:

- failure to comply with environmental, social or governance standards resulting in reputational damage, causing fall in demand for products and services, or loss of business opportunities for a company or industry group,
- changes in laws, regulations or industry norms giving rise to possible fines, sanctions or change in consumer behaviours affecting a company or an entire industry's prospects for growth and development,
- changes in laws or regulations, may generate higher demand for, and thus undue increase in prices of securities of companies perceived as meeting higher ESG standards. Prices of such securities may become more volatile if perception from market participants about companies adherence to ESG standards changes, and
- changes in laws or regulations, may incentivize companies to provide misleading information about their environmental, social or governance standards or activities.

Commonly considered sustainability risk factors are split into "Environment, Social, and Governance" (ESG), such as but not limited to the following topics:

Environment

- Climate mitigation
- Adjustment to climate change
- Protection of biodiversity
- Sustainable use and protection of water and maritime resources
- Transition to a circular economy, avoidance of waste, and recycling
- The avoidance and reduction of environmental pollution
- Protection of healthy ecosystems
- Sustainable land use

Social affairs

- Compliance with recognized labor law standards (no child and forced labor, no discrimination)
- Compliance with employment safety and health protection
- Appropriate remuneration, fair working conditions, diversity, and training and development opportunities
- Trade union rights and freedom of assembly
- Guarantee of adequate product safety, including health protection
- Application of the same requirements to entities in the supply chain
- Inclusive projects or consideration of the interests of communities and social minorities

Corporate Governance

- Tax honesty
- Anti-corruption measures
- Sustainability management by the board
- Board remuneration based on sustainability criteria
- The facilitation of whistle-blowing
- Employee rights guarantees
- Data protection guarantees

Sustainability risks can lead to a significant deterioration in the financial profile, profitability or reputation of an underlying investment and thus may materially impact its market price or liquidity.

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 Manager(s) 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 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 Manager(s) and/or Investment Co-Managers will cause the Company to enter into swap agreements in accordance with the guidelines in Appendix B. The main factor that determines the performance of a swap contract is the movement in the price of the underlying investment, specific interest rates, currencies and other factors used to calculate the payment due by and to the counterparty. If a swap contract requires payment by a Fund, the latter must at all times be able to honour said payment. Moreover, if the counterparty loses its creditworthiness, the value of the swap contract entered into with this counterparty can be expected to fall, entailing potential losses for the Fund.

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 are 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 is responsible for the overall investment policy, objectives and management of the Company and its Funds.

Franklin Templeton International Services S.à r.l. has been authorised by the CSSF to act as an alternative investment fund manager pursuant to the Law of 12 July 2013 and has been designated by the Board of Directors as Management Company to perform investment management, administration and marketing functions as well as activities related to the assets of the Company and to act as domiciliary agent to the Company. The Management Company has delegated the portfolio management services to the Investment Managers. The Management Company and the Investment Managers are members of Franklin Templeton.

The Management Company was incorporated on 17 May 1991 as a *société anonyme* 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 share capital of the Management Company is EUR 4,605,383.00 and will comply at all times with article 8 of the Law of 12 July 2013.

The Management Company may provide temporary financing or guarantees to/for the AIFs to which it provides services including, in connection with their subscription and redemption activities, maintaining collection accounts, financing contingent deferral sales charges or performing similar activities.

Franklin Templeton International Services S.à r.l. was authorised on 21 November 2013 as a management company managing UCITS and other UCIs and therefore complies with the conditions set out in Chapter 15 of the Law of 17 December 2010. The corporate object of Franklin Templeton International Services S.à r.l. is to provide investment management, administration and marketing services to undertakings for collective investment.

The Management Company, as the alternative investment fund manager of the Company, is responsible for:

(i) The investment management function in respect of the Company which includes portfolio management and risk management;

(ii) The general administration of the Company, including:

a. Legal and fund management accounting services;

b. Response to customer inquiries;

c. Valuation and pricing of the assets of the Company, including tax returns;

d. Regulatory compliance monitoring;

e. Maintenance of the Shareholder register;

f. Distribution of income;

g. Issue and redemption of Shares;

h. Settlement of contracts, including certificates dispatch;

i. Record keeping;

(iii) Marketing functions;

(iv) Activities related to the assets of the Company.

As of the date of the Prospectus, the Management Company has also been appointed to act as management company and/or alternative investment fund manager for other Investments Funds the list of which is available, upon request, at the registered office of the Company and of the Management Company.

The Management Company shall ensure compliance of the Company with the investment restrictions 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 investments. The Management Company will receive similar reports from the other services providers in relation to the services which they provide.

The Management Company, being responsible for registrar and transfer, corporate, domiciliary and administrative agent functions, is authorised to delegate and has delegated, in the course of the business, the main administrative functions to third parties as described under sections "Administrative Agent" and "Registrar and Transfer Agent" below, subject however to its overall supervision and oversight.

Professional Liability Risks

The Management Company covers its potential liability risks arising from professional liability by holding the appropriate additional "own funds" (within the meaning of the Law of 12 July 2013).

Risk Management Process and Liquidity 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. Furthermore, the Management Company employs a process for accurate and independent assessment of the value of OTC derivative instruments which is communicated to the CSSF on a regular basis in accordance with Luxembourg law.

The Leverage calculation in accordance with the Gross and Commitment Methods are explained in more detail in Appendix B – "Investment Restrictions".

The Management Company maintains a liquidity management process to monitor the liquidity risk of the Funds, which includes, among other tools and methods of measurement, the use of stress tests under both normal and exceptional liquidity conditions.

The liquidity management systems and procedures allow the Management Company to apply various tools and arrangements necessary to ensure that the portfolio of each Fund is sufficiently liquid to normally respond appropriately to redemption requests. In normal circumstances, redemption requests will be processed as set out in this Prospectus.

Other arrangements may also be used in response to redemption requests, including the temporary suspension or deferral of such redemption requests in certain circumstances or use of similar arrangements which, if activated, will restrict the redemption rights investors benefit from in normal circumstances as set out below under the section "Suspension of Calculation of Net Asset Value" in Appendix D.

Upon request of investors, the Management Company will provide further details regarding the risk management process and liquidity management.

INVESTMENT MANAGERS

The Investment Managers mentioned in the section "Administrative 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 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.

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 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 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 can be accessed on http://www.franklintempleton.lu.

DEPOSITARY

J.P. Morgan SE, Luxembourg Branch has been appointed as the Company's depositary within the meaning of the Law of 12 July 2013.

J.P. Morgan SE is a European Company (Societas Europaea) organized under the laws of Germany, with registered office at Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Germany and registered with the commercial register of the local court of Frankfurt. It is a credit institution subject to direct prudential supervision by the European Central Bank (ECB), the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank, the German Central Bank. J.P. Morgan SE, Luxembourg Branch is authorized by the CSSF to act as depositary and fund administrator. J.P. Morgan SE, Luxembourg Branch is registered in the Luxembourg Trade and Companies' Register (RCS) under number B255938 and is subject to the supervision of the aforementioned home State supervisory authorities as well as local supervision by the CSSF.

J.P. Morgan SE, Luxembourg Branch performs the custodial and depositary functions in accordance with the Law of 12 July 2013 and the Law of 17 December 2010. The principal duties of the Depositary are as follows:

a) Safe-keeping of the assets of the Company that can be held in custody (including book entry securities) and record-keeping of assets that cannot be held in custody in which case the Depositary must verify their ownership;
b) Ensure that the Company's cash flows are properly monitored, and in particular ensure that all payments made by or on behalf of investors upon the subscription of Shares in the Company have been received and that all cash of the Company has been booked in cash accounts that the Depositary can monitor and reconcile;
c) Ensure that the issue, redemption and cancellation of Shares of the Company are carried out in accordance with applicable laws and the Articles;
d) Ensure that the value of the Shares of the Company is calculated in accordance with applicable laws, the Articles and the valuation procedures;
e) Carry out the instructions of the Management Company, unless they conflict with applicable laws or the Articles;
f) Ensure that in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits;
g) Ensure that the Company's income is applied in accordance with applicable laws and the Articles.

The Depositary may entrust all or part of the assets of the Company that it holds in custody to such sub-custodians as may be determined by the Depositary from time to time. Except as provided in applicable laws, the Depositary's liability shall not be affected by the fact that it has entrusted all or part of the assets in its care to a third party.

The Depositary shall assume its functions and responsibilities in accordance with applicable laws as further described in the depositary agreement entered into between the Depositary, the Company and the Management Company.

The Depositary Agreement

The Company has appointed the Depositary as depositary under a depositary agreement dated 12 June 2023, as may be amended also entered by the Management Company (the "Depositary Agreement").

The Depositary shall perform all the duties and obligations of a depositary under the applicable laws as outlined in the Depositary Agreement.

The Depositary Bank Agreement may be terminated by any party on 90 days' notice in writing. Subject to applicable laws, the Depositary Agreement may also be terminated by the Depositary on 30 days' notice in writing if (i) it is unable to ensure the required level of protection of the Company's investments under the applicable laws because of the investment decisions of the Management Company and / or the Company; or (ii) the Company, or the Management Company on behalf of the Company, wishes to invest or to continue to invest in any jurisdiction notwithstanding the fact that (a) such investment may expose the Company or its assets to material country risk or (b) the Depositary is not able to obtain satisfactory legal advice confirming, among other things, that in the event of an insolvency of a subcustodian or other relevant entity in such jurisdiction, the assets of the Company held locally in custody are unavailable for distribution among, or realisation for the benefit of, creditors of the such subcustodian or other relevant entity.

Before expiration of any such notice period, the Management Company shall propose a new depositary which fulfils the requirements of the AIFMD and to which the Company's assets shall be transferred and which shall take over its duties as the Company's depositary from the Depositary. The Company and the Management Company will use best endeavours to find a suitable replacement depositary, and until such replacement is appointed the Depositary shall continue to perform its services under the Depositary Agreement.

The Depositary will be responsible for the safekeeping and ownership verification of the assets of the Company, cash flow monitoring and oversight in accordance with the AIFMD. In carrying out its role as depositary, the Depositary shall act independently from the Company and the Management Company and solely in the interest of the Company and its Shareholders.

The Depositary is liable to the Company or its Shareholders for the loss of a financial instrument held in custody by the Depositary or any of its delegates, in accordance with the provisions of the Law of 12 July 2013. The Depositary shall, however, not be liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Depositary has not entered into arrangements to contractually discharge itself of liability in accordance with article 19 (13) or 19 (14) of the Law of 12 July 2013.

The Depositary is also liable to the Company or its Shareholders for all other losses suffered by it or them as a result of the Depositary's negligent or intentional failure to properly fulfil its duties in accordance with applicable laws.

Conflicts of Interest

In carrying out its functions, the Depositary shall act honestly, fairly, professionally, independently and solely in the interest of the Shareholders.

As part of the normal course of global custody business, the Depositary may from time to time have entered into arrangements with other clients, funds or other third parties for the provision of safekeeping and related services. Within a multi-service banking group such as JPMorgan Chase Group, from time to time conflicts may arise between the Depositary and its safekeeping delegates, for example, where an appointed delegate is an affiliated group company and is providing a product or service to a fund and has a financial or business interest in such product or service or where an appointed delegate is an affiliated group company which receives remuneration for other related custodial products or services it provides to the funds, for instance foreign exchange, securities lending, pricing or valuation services. Where a conflict or potential conflict of interest arises, the Depositary will have regard to its obligations to the Company and will treat the Company and the other funds for which it acts fairly and such that, so far as is practicable, any contracts with service providers are entered into on terms which are not materially less favourable to the Company than if the conflict or potential conflict had not existed. Such potential conflicts of interest are identified, managed and monitored in various other ways including, without limitation, the hierarchical and functional separation of Depositary's depositary functions from its other potentially conflicting tasks and by the Depositary adhering to its own conflicts of interest policy.

Subcustodians and Other Delegates

When selecting and appointing a subcustodian or other delegate, the Depositary shall exercise all due skill, care and diligence as required by the AIFMD to ensure that it entrusts the Company's assets only to a delegate who may provide an adequate standard of protection.

The current list of subcustodians and other delegates used by the Depositary and sub-delegates that may arise from any delegation is available online at the website: http://www.franklintempleton.lu, by selecting "Literature", "Subcustodians" tabs. The latest version of such list may also be obtained by the Investors from the Company upon request.

In addition, up-to-date information regarding the Depositary's duties and of conflicts of interest that may arise as well as of any safekeeping functions delegated by the Depositary, the list of third-party delegates and any conflicts of interest that may arise from such a delegation may also be obtained by the Investors on request at the registered office of the Company.

REGISTRAR AND TRANSFER AGENT

Virtus Partners Fund Services Luxembourg S.à r.l. has been appointed by the Management Company as the Registrar and Transfer Agent of the Company to perform the services in relation to the Company under a registrar and transfer agency agreement. These services include, inter alia, (i) maintenance of the register of Shareholders of the Company, (ii) onboarding and know your customer/anti-money laundering services, (iii) investor and distributor services, (iv) transaction processing including processing of the purchase, selling and switching of Shares, (v) cash management, shareholder payments and reconciliation, (vi) commission calculation and payments, (vii) client change management, (viii) CRS & FATCA services, (ix) regulatory reporting, (x) support the Company with handling Complaints and (xi) technology support.

Virtus Partners Fund Services Luxembourg S.à r.l. was incorporated in Luxembourg as *a société à responsabilité limitée* and has its registered office at 8A, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg.

Whenever appropriate, any references in this Prospectus relating to the duties of the Management Company in relation to the Register of Shareholders and the dealings of Shares in the Company should also read as references to any third party to which the Management Company has delegated its registrar and transfer functions.

ADMINISTRATIVE AGENT

J.P. Morgan SE, Luxembourg Branch has also been appointed as the Administrative Agent of the Company to perform some administrative services in relation to the Company under an administration agreement ("Administration Agreement").

J.P. Morgan SE is a European Company (Societas Europaea) organized under the laws of Germany, with registered office at Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Germany and registered with the commercial register of the local court of Frankfurt. It is a credit institution subject to direct prudential supervision by the European Central Bank (ECB), the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank, the German Central Bank. J.P. Morgan SE, Luxembourg Branch is authorized by the CSSF to act as depositary and fund administrator. J.P. Morgan SE, Luxembourg Branch is registered in the Luxembourg Trade and Companies' Register (RCS) under number B255938 and is subject to the supervision of the aforementioned home State supervisory authorities as well as local supervision by the CSSF.

These services include preparing and maintaining books, records, tax, financial reports and calculating the Net Asset Value of the Funds.

The Administration Agreement may be terminated by any party on 180 days' notice in writing.

Under the Administration Agreement, the Administrative Agent will not be liable for any loss or damage suffered by the Company with respect to any matter as to which the Administrative Agent has satisfied its obligation of reasonable care unless the same results from an act of negligence, fraud, wilful default or material breach of the Administration Agreement on the part of the Administrative Agent. The Company has agreed to indemnify the Administrative Agent (and its affiliates and their respective directors, officers, employees and agents) against, and hold them harmless from, any liabilities, losses, claims, costs, damages, penalties, fines, obligations, or expenses of any kind whatsoever (including, without limitation, reasonable attorneys', accountants', consultants' or experts' fees and disbursements) that may be imposed on, incurred by or asserted against the Administrative Agent (or its affiliates and their respective directors, officers, employees and agents) in connection with or arising out of the Administrative Agent's performance under the Administration Agreement, provided the Administrative Agent (and its affiliates and their respective directors, officers, employees and agents) have not acted with negligence or engaged in fraud, material breach of the Administration Agreement or wilful default in connection with the liabilities in question.

AUDITOR

The auditor of the Company is Ernst & Young S.A., 35E avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

The auditor shall, with respect to the assets of the Company, carry out the duties provided by the Law of 12 July 2013, including the audit of the accounting information contained in the annual report of the Company.

CONFLICT OF INTEREST

The Management Company maintains and operates organizational, procedural and administrative arrangements and implements policies and procedures designed to manage actual and potential conflicts of interest. It will take all reasonable steps to identify, record and manage conflicts of interest fairly and in accordance with its conflicts of interest policy. It will monitor compliance with its conflict of interest policy on an ongoing basis. It may implement additional controls in respect of the management of conflicts of interest where necessary. Where a conflict of interest cannot be managed and where permissible, the Company may obtain the client's consent to continue with the conflict of interest in place or determine to decline to act for the client.

The Management Company's conflict of interest policy overview, including any potential material conflicts of interest, can be accessed on the Franklin Templeton Internet site http://www.franklintempleton.lu.

SHAREHOLDER'S RIGHTS AGAINST SERVICE PROVIDERS

Shareholders will not have any direct contractual rights against the service providers of the Company appointed from time to time.

APPLICABLE LAW AND JURISDICTION

The Company is incorporated under the laws of the Grand Duchy of Luxembourg.

By applying for Shares when submitting the Company's Application Form, the relevant investor agrees to be bound by the terms and conditions of the Application Form, the Prospectus and the Articles. This contractual relationship is governed by Luxembourg laws. The Company, the Management Company and Shareholders will be subject to the exclusive jurisdiction of the courts of Luxembourg to settle any dispute or claim arising out of or in connection with a Shareholder's investment in the Company or any related matter.

According to Council Regulation 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, a judgement given and enforceable in an EU Member State shall in principle be recognised in the other EU Member States without any special procedure being required and shall generally be enforceable in the other EU Member States on the application of any interested party, save in certain circumstances. Council Regulation 44/2001 of 22 December 2000 shall be replaced by EU Regulation 1215/2012 of 12 December 2012 which shall apply from 10 January 2015.

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 exclusive objective of the Company is to invest the assets of the Funds in transferable securities and other permitted assets of any kind with the purpose of spreading investment risks and affording its Shareholders the results of the management of its assets. 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".

In addition, the Company and/or the Management Company reserves the right to request additional information and/or documentary evidence from Investors if their bank account is located in a country other than their country of residence, which may result in a delay in the processing of purchase and/or any other transaction until relevant and satisfactory information and/or documentation is received.

The Funds are registered in Luxembourg. The Funds may be marketed in Luxembourg and other member states of the EEA, to professional investors only, on the basis of the passport regime set out in article 29 and following of the Law of 12 July 2013. The Company may apply for registration of the Shares in various other legal jurisdictions worldwide. Outside of the EEA, the Company may be marketed to any investors in compliance with any applicable local laws. 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.

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, Broker/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 shall have power to impose such restrictions (other than any restrictions on transfer of shares) as it may think necessary for the purpose of ensuring that no shares in the Company are acquired or held by (a) any person in breach of the law or requirement of any country or governmental or regulatory authority (if the Board of Directors shall have determined that any of them, the Company, any of the Management Company (as defined herein), investment managers or advisers or any other person as determined by the Board of Directors would suffer any disadvantage as a result of such breach) or (b) any person in circumstances which in the opinion of the Board of Directors might result in the Company incurring any liability to taxation (to include regulatory or any tax liabilities that might derive, inter alia, from the requirements of the FATCA or the Common Reporting Standard or any similar provisions or any breach thereof) or suffering any pecuniary disadvantage which the Company might not otherwise have incurred or suffered, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority or (c) any person whose shareholding's concentration could, in the opinion of the Board of Directors, jeopardise the liquidity of the Company or any of its Funds.

More specifically, the Company may restrict or prevent the ownership of shares in the Company by any person, firm or corporate body, and without limitation, by any "US person", as defined hereafter.

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 person precluded from holding Shares of the Company;

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 person precluded from holding Shares of the Company;

3) where it appears to the Company that any person, who is precluded from holding Shares or a certain proportion of the Shares of the Company, or whom the Company reasonably believes to be precluded from holding Shares in the Company, 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 person who is precluded from holding Shares in the Company at any meeting of shareholders of the Company.

Listing of Shares

Certain eligible Share Classes are or will be listed on the relevant stock exchange in Luxembourg. The Board of Directors may decide to make an application to list the Shares of any Class on any other 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 Company and/or the Management Company may offer within a Fund several Alternative Currency Share Classes as described in Section "Share Classes".

Some Classes of each Fund may also be held and transferred through accounts maintained with some clearing systems. More detailed information may be obtained from the Management Company upon request.

Dealing Cut-Off Times

Dealing Cut-Off Times are detailed in Appendix A. The Company and/or the 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 Share 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 Share 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

If the net assets of any Fund are at any time below USD 50 million, or the equivalent thereof in the currency of the relevant Fund, 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 Board of Directors may decide to liquidate such Fund and redeem all outstanding Shares. Notice of such liquidation will be sent to the registered Investors. 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.

Restrictions on Subscriptions and Switches into Certain Funds or Share Class

A Fund, or Share Class, may be closed to new investors or to all new subscriptions or switches in (but not to redemptions, switches out or transfers) 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, USD 500,000 for Class W Shares, or the equivalent in any other freely exchangeable currency, except for investment made by distributors subscribing for Shares in their own names and on behalf of underlying Investors. 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. Such minimum investment amounts may be waived in whole or in part by the Board of Directors or by the Management Company.

Any specific minimum initial investment applied in other jurisdictions will be disclosed in the local version of this Prospectus.

The minimum Holding requirement in the Shares of each Fund is USD 2,500 or currency equivalent.

The Company and the Management Company reserve the right to reject any application which does not meet the minimum investment requirements. The Company and/or the Management Company may, at any time, decide to compulsorily redeem all Shares from any Shareholder whose holding is less than the minimum holding amount specified above or on application, or who fails to satisfy any other applicable eligibility requirements set out in the Prospectus, and to close the relevant Investor's Portfolio.

Distributor subscribing for Shares in its own name and on behalf of an underlying Investor

Investors may invest through distributors subscribing for Shares in their own names and on behalf of underlying Investors, brokers/dealers and/or local paying agents. The name of the distributor subscribing for Shares in its own name and on behalf of an underlying Investor will appear on the register of Shareholders of the Company and the distributor subscribing for Shares in its own name and on behalf of an underlying Investor may effect purchases, switches and sales of Shares on behalf of the relevant underlying Investors.

The distributor subscribing for Shares in its own name and on behalf of underlying Investors maintains its own records and provides the relevant Investors with individualised information as to their Holdings. Unless otherwise provided by local law, any Investor investing through a distributor subscribing for Shares in its own name and on behalf of an underlying Investor has the right to claim direct title to the Shares purchased by the distributor subscribing for Shares in its own name and on behalf of the relevant claiming Investor.

For the avoidance of doubt, Investors subscribing through such other parties (or through sub-distributors, intermediaries, broker/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 documentary evidence 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 and/or the Administrative Agent, as applicable, in legal proceedings or otherwise at their discretion. In addition, some local Franklin Templeton offices may need to record telephone calls and electronic communications for training, monitoring purposes and/or to confirm Investors' instructions. Recordings will be provided upon request (in which case a fee may be charged) for a period of five years from the date of such recording or seven years when specifically required by regulatory authorities.

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.

Shareholder Notifications

Any relevant notifications or other communications to Shareholders concerning their investment in the Fund (including Contract Notes) may be communicated to a Shareholder via electronic means of communication in accordance with applicable Luxembourg rules, where the Shareholder has consented and provided an e-mail address and/or relevant electronic contact details to the Management Company for such purposes. Relevant notifications or other communications to Shareholders concerning their investment in the Company may also be posted on the website www.franklintemmpleton.lu. In addition, and where required by Luxembourg law or the Luxembourg regulator, Shareholders will also be notified in writing or in such other manner as prescribed under Luxembourg law. In particular, Shareholders should refer to the "Meetings and Reports" section.

In electronic communications and dealings, Franklin Templeton will make reasonable efforts to preserve and protect confidentiality of data communicated. Recipients of electronic communications should be aware that the integrity and confidentiality of electronic online communication transiting through the Internet may not be guaranteed due to a multiplicity of factors including, but not limited to, vulnerability of hardware, software, operating system or electronic platform employed by such recipients in their dealings with Franklin Templeton.

Contract Notes

Following the execution of a transaction, a Contract Note will be dispatched to the Investor normally within one (1) Business Day. 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 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 and/or the Management Company is private and confidential. To safeguard Investors' Holdings, Investors should keep their personalised security features secret, protect their authentication device against access by other persons and in the case of loss or theft of any correspondence with the Company or the Management Company (or of identity documents/passport/personal security features), Investors should immediately inform their local Franklin Templeton servicing office.

Data Protection

All personal data of Investors (the "Personal 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, including Franklin Resources, Inc. and/or its subsidiaries and associates, the Depositary, the Administrative Agent and any other third parties (including but not limited to printing and mailing services) which provide services to them any of which may be established outside Luxembourg and/or the European Union, including the US and India. Such Personal 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, for the purpose of compliance with FATCA or similar laws and regulations (e.g. on OECD level). The Company and/or the Management Company, for the purpose of FATCA or other legal 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. The Company and members of the Franklin Templeton group may also use Personal Data for other purposes set forth in the Franklin Templeton Privacy and Cookies Notice (the "Privacy Notice").

The Company asks for investors to consent to the use of information on their political opinions, religious or philosophical beliefs which may be revealed by compliance checks against politically exposed persons, for the above purposes. This consent is recorded in the application form.

The Privacy Notice provides, among other, further information on the Company's and Franklin Templeton's use of Personal Data, the types of Personal Data processed, the other purposes for which Personal Data is processed, the list of entities involved in the processing of Personal Data as well as the rights of the data subjects. The Privacy Notice is available on the Internet site: www.franklintempletonglobal.com/privacy (a paper copy will be made available free of charge upon request). If an Investor wishes to exercise its individual rights, or to raise any question, concern or complaint concerning the Privacy Notice, it may contact the Management Company or alternatively, the Data Protection Officer (Email address: DataProtectionOfficer@franklintempleton.com) at Franklin Templeton International Services S.à r.l., 8A, rue Albert Borschette, L 1246 Luxembourg.

Investors' attention is drawn to the fact that the Privacy Notice is subject to change at the sole discretion of the Management Company and/or the Company.

Anti-Money Laundering and Counter-Terrorist Financing Legislation

Pursuant to the Luxembourg law of 5 April 1993 relating to the financial sector (as amended), Directive 2018/843/EU on the prevention of the use of the financial system for the purposes of money laundering or terrorism financing and the Luxembourg law of 12 November 2004 relating to money laundering and counter terrorist financing (as amended) (the "Law of 2004"), 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 (the "CSSF Regulation 12-02"), 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 the Company's 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 or a distributor subscribing for Shares in its own name and on behalf of underlying Investors. In case of a subscription for an intermediary acting on behalf of a customer and/or a distributor subscribing for Shares in its own name and on behalf of underlying Investors, enhanced customer due diligence measures for this intermediary and/or the distributor subscribing for Shares in its own name and on behalf of underlying Investors will be applied in accordance with the Law of 2004 and CSSF Regulation 12-02. In this context, Investors must inform without delay the Management Company or the Company when the person(s) designated as beneficial owner(s) change and in general, ensure at all times that each piece of information and each document provided to the Management Company or intermediary and/or distributor subscribing for Shares in its own name and on behalf of an underlying Investor, remains accurate and up-to-date.

The Management Company reserves the right to ask at any time for additional information and documentary evidence, such as updated identity documentation, source of funds and origin of wealth, as may be required in higher risk scenarios or to comply with any applicable laws and regulations, including applicable Luxembourg regulations on the prevention of the use of the financial sector for money laundering purposes. In case of delay or failure to provide such information and/or documentary evidence, the Management Company may delay or reject the processing of purchase or sale instructions, or any other transaction. The Management Company may also delay or suspend the payment of dividends until relevant and satisfactory information and/or documentation is received. Neither the Company nor the Management Company have any liability for delays or failure to process deals as a result of the Investor providing no or only incomplete information and/or documentary evidence.

Such information provided to the Management Company is collected and processed for anti-money laundering and counter-terrorist financing compliance purposes.

The Management Company shall ensure that due diligence measures on the Company’s investments are applied on a risk-based approach in accordance with Luxembourg applicable laws and regulations.

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 funds or non-Franklin Templeton 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 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 funds, in non-Franklin Templeton 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 subscribing for Shares in its own name and on behalf of underlying Investors (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 holdings accounts / accounts of distributors subscribing for Shares in their own names and on behalf of underlying Investors, 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(s) 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.

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 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 N	Class I	Class W	Class X	Class Y
Class A acc	Class N acc	Class I acc	Class W acc	Class X acc	Class Y acc
Class A Mdis	Class N Mdis	Class I Mdis	Class W Mdis	Class X Mdis	Class Y Mdis
Class A Qdis	Class N Qdis	Class I Qdis	Class W Qdis	Class X Qdis	Class Y Qdis
Class A Ydis	Class N Ydis	Class I Ydis	Class W Ydis	Class X Ydis	Class Y 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) 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 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 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 W Shares are intended to be offered through intermediaries, distributors, platforms and/or Brokers/Dealers which,

- cannot receive and retain any trail, commission, rebate or other similar fees (referred to as inducements) as a result of applicable local legal and/or regulatory prohibition (in the EU, those prohibitions are at least applicable to discretionary portfolio management and/or the provision of independent advice under MiFID), or
- have separate fee arrangements with their clients for the payment of non-independent advice services further to which it does not receive and retain inducements, or
- perform distribution activities outside of the EU based on a separate fee arrangements with their clients for the provision of investment advice. Separate fee arrangement requirements may be waived for intermediaries in certain non-EU jurisdictions, at the discretion of the Management Company.

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 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, depositary, 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 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 depositary, 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".

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 Company or the Management Company may, at any time, decide to compulsorily redeem 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)
- Euro (EUR)
- Swiss Franc (CHF)

- US Dollar (USD)
- UK Sterling (GBP)
- Japanese Yen (JPY)

or any other freely convertible currency.

The Net Asset Value of Alternative Currency Share Classes will be calculated and published in the alternative currency and purchase payments for such Share Classes are to be paid by the Investors, and sale proceeds are paid to selling Investors, in such alternative currency. The Company does not currently intend to hedge the currency risks to which these Share 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
The Board of Directors may, in respect of each Fund, decide to issue Hedged Share Classes where either the base currency exposure of the Fund may be hedged into the Hedged Share Class' alternative currency to reduce exchange rate fluctuations and to reduce return fluctuations (H1), or a hedging strategy is 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.

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.

Currency hedging techniques may be used at Share Class level. In this context, the Investment Manager(s) will limit hedging to the extent of the relevant Hedged Share Class selected currency exposure. Over-hedged positions will not normally exceed 105% of the Net Asset Value of the relevant Hedged Share Class and under-hedged positions shall not normally fall short of 95% of the portion of the Net Asset Value of the relevant Hedged Share Class which is to be hedged against selected currency risk. Hedged positions will be reviewed on an on-going basis by the Investment Manager(s), to ensure that over-hedged or under-hedged positions do not exceed/fall short of the permitted levels outlined above. In the event that the hedging in respect of a Hedged Share Class exceeds permitted tolerances due to market movements or Subscription/Redemptions of Shares, the Investment Manager(s) shall adjust such hedging appropriately.

Shareholders should also note that generally there is no segregation of assets and liabilities between Share Classes and therefore a counterparty to a derivative overlay entered into in respect of a Hedged Share Class may have recourse to the assets of the relevant Fund attributable to other Share Classes of that Fund where there is insufficient assets attributable to the hedged Share Class to discharge its liabilities. While the Company has taken steps to ensure that the risk of contagion between Share Classes is mitigated in order to ensure that the additional risk introduced to the Fund through the use of a derivative overlay is only borne by the Shareholders in the relevant Share Class, this risk cannot be fully eliminated.

An up-to-date list of the Share Classes utilising a currency overlay is available upon request at the registered office of the Company.

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 currency effects, as described in above paragraphs, through the use of a class specific currency overlay whose gains and losses will be attributable solely to the corresponding Hedged Share Class.

Entry Charge and Contingent Deferred Sales Charge

Class A Shares

- Entry Charge

The price at which Class A Shares will be offered is the Net Asset Value per Share, plus an entry charge of up to 6.5% of the total amount invested. This maximum charge, assuming that no other charges or expenses are applicable, amounts to approximately 6.95% of the aggregate Share price of the Shares being acquired.

Out of this charge the Principal Distributor may make payments to sub-distributors, intermediaries, Broker/Dealers and/or professional investors, who may include affiliates of Franklin Templeton. 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 Shares, and may authorise sub-distributors, intermediaries, Broker/Dealers and/or professional investors to sell Class A 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 Shares, the entry charge may be waived and a Contingent Deferred Sales Charge ("CDSC") of up to 1.00% may apply if an Investor sells Shares within 18 months after each investment in order to recover commissions paid to sub-distributors, intermediaries, Broker/Dealers and/or professional investors. The CDSC is up to 1.00% of the total cost of such Shares (exclusive of reinvested dividend 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, Holdings in other investment funds offered by Franklin Templeton 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 Share Classes will be allowed for Shares subject to such contingent deferred sales charge.

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. 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, W, X and Y Shares
The price at which Class I, W, X and Y Shares will be offered is the Net Asset Value per Share. Purchases of Class I, W, X and Y Shares are neither subject to an entry charge nor CDSC.

Calculation of CDSC
The CDSC applicable for qualifying A Shares is based on the Net Asset Value of the Shares when purchased. 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.

Specific features of Share classes
Specific features of the Share classes offered are provided in the table below.

Share Class Overview	Class A and Class N	Class I	Class W	Class X	Class Y
Minimum Investment	USD 5,000	USD 5,000,000	USD 500,000	Details available from the Company or the Management Company	Details available from the Company or the Management Company
Subsequent Investment	USD 1,000*	USD 1,000	USD 1,000	Details available from the Company or the Management Company	Details available from the Company or the Management Company

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.

Investors should also 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".

In addition, the Company and/or the Management Company reserves the right to request additional information and/or documentary evidence from Investors if their bank account is located in a country other than their country of residence, which may result in a delay in the processing of purchase and/or any other transaction until relevant and satisfactory information and/or documentation is received.

By applying for Class I 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 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 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.

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 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); and

(b) state how payment has been or will be made.

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.

The Company and/or the Management Company reserve the right to accept or refuse any purchase instruction in whole or in part and for any reason. 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.

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).

Unless otherwise stated in local version of this Prospectus, local specific information document to be provided to Investors, application form or marketing document, 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

Payments should 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 three (3) Business Days of the Valuation Day (or such other timeframe as set out in the local fund related documentation or applicable dealing guide) unless the Board of Directors requires cleared funds on or prior to an application being accepted. Until full payment of settlement monies, the applicant for Shares does not have legal ownership of such Shares. Where an applicant for Shares fails to pay settlement monies on subscription or to provide a completed application form (for an initial application) by the due date, the Company and/or the Management Company may decide to redeem the relevant Shares, at the cost of the applicant or his/her distributor. The applicant for Shares may be required to indemnify the Company or the Principal Distributor against any losses, costs or expenses incurred directly or indirectly as a result of the applicant's failure to pay for Shares applied for or to submit the required documents by the due 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.

As provided for in the Articles and within the limits contained therein, when the Company becomes aware that a shareholder (A) is a US Person or is holding shares for the account or benefit of a US Person; (B) is holding shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax, pecuniary or material administrative disadvantages or other material disadvantages or negative impact for the Company, its shareholders or its delegates active in the investment management and advisory of the

Company; (C) has failed to provide any information or declaration required by the Company, the Company will either (i) direct such shareholders to redeem or to transfer the relevant shares to a person who is qualified or entitled to own or hold such shares or (ii) redeem the relevant shares.

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 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 5% 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) Business Days and will be valued at the Net Asset Value per Share prevailing on that Dealing Day being deferred to. On such Dealing Day, deferred requests will be dealt with in priority to later requests and in the order that requests were initially received by the Management Company.

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 three (3) Business Days (or such other timeframe as set out in the local fund related documentation or applicable dealing guide) 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. The Company and/or the Management Company, after careful due diligence, are not responsible for any delays or charges incurred at any receiving bank or settlement system, nor are they responsible for delays in settlement which may occur due to the time required for local processing of payments within some countries or by certain banks, local correspondent banks, payment agents or other agents. 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, including those described in Appendix D, the liquidity of the Fund does not permit payment of sale proceeds within three (3) Business Days from the relevant Valuation Day (or such other timeframe as set out in the local fund related documentation or applicable dealing guide), 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.

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.

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 eligibility 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 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 Shares
Without prejudice to specific Share Class restrictions provided for in this section, Class A 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 subject to a CDSC can only be switched with Class A 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 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 Class subject to meeting Investor qualification criteria for that Share Class.

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 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 Class subject to meeting Investor qualification criteria for that Share Class. Switching into Class W Shares is only permitted to Investors investing through intermediaries, distributors, platforms and/or Brokers/Dealers which fulfil the Class W Shares eligibility requirements as per the conditions laid down in section "Share Classes".

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".

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 directly without using Brokers/Dealers will need to complete and sign a standard switch form (available from our website or upon request).

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 Internet site http://www.franklintempleton.lu). 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 5% 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 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.

HOW TO TRANSFER SHARES

A transfer is a transaction for the purpose of transferring an Investor Holding to another Investor.

An instruction to transfer Shares should be submitted to the Management Company in writing or by a duly signed Share transfer form together with, if issued, the relevant Share certificate to be cancelled, or if expressly permitted, by telephone, facsimile or electronic means. 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.

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.

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 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) N (acc) I (acc) W (acc) X (acc) Y (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) N (Mdis) I (Mdis) W (Mdis) X (Mdis) Y (Mdis)	Under normal circumstances it is anticipated that distribution will be made monthly (following the end of each month)
	A (Qdis) N (Qdis) I (Qdis) W (Qdis) X (Qdis) Y (Qdis)	Under normal circumstances it is anticipated that distribution will be made quarterly (following the end of each fund financial quarter)
	A (Ydis) N (Ydis) I (Ydis) W (Ydis) X (Ydis) Y (Ydis)	Under normal circumstances it is anticipated that distribution will be made yearly (normally in November 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.

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 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 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 investment income on the date of the transaction, is credited or charged to undistributed income. As a result, undistributed 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 being responsible as Management Company, of the registrar and transfer, corporate, domiciliary and administrative functions for the Company, will receive as remuneration from the Company an annual fee of up to 0.25% of the Net Asset Value of the relevant Share Class 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. This annual fee includes any remuneration paid to (i) J.P. Morgan SE, Luxembourg Branch for its services rendered to the Company as Administrative Agent and (ii) Virtus Partners Fund Services Luxembourg S.à r.l. for its services rendered to the Company as Registrar and Transfer Agent.

Pursuant to Article 111bis of the Law of 17 December 2010, the Management Company has established and apply a remuneration policy which is consistent with, and promote sound and effective risk management. Such policies and practices must not encourage risk taking which is inconsistent with the risk profile, Prospectus or Articles, and must not impair compliance with the Management Company's duty to act in the best interest of the Company.

The remuneration requirements apply to categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profile of the Management Company or the Company. The remuneration includes a fixed (essentially the base salary) and variable component (annual bonuses). The level of funding of the annual bonus (which can be paid in cash, equity awards or a combination of both) is dependent on overall FRI corporate performance, is approved by a compensation committee and is granted with reference to the actual performance of the relevant individual. A significant portion of the bonus can be deferred for at least three years and payment of bonus is subject to claw back provisions. The details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, how it is consistent with the integration of sustainability risks, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the compensation committee is available on the Internet site: http://www.franklintempleton.lu, by selecting "Our Company", "Regulatory Information" tabs (a paper copy will be made available free of charge upon request).

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.

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. 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.

In certain Company related documents and/or electronic media, the relevant aforementioned investment management fee plus maintenance charges where applicable to a Share Class may be combined and expressed as an "annual management charge" for ease of administration/comparison.

OTHER COMPANY CHARGES AND EXPENSES

The Principal Distributor may be entitled to receive any applicable entry charge, of up to 6.50% 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 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 Depositary, J.P. Morgan SE, Luxembourg Branch will receive an annual fee depending on the nature of the investments of the different Funds in a range from 0.001% to 0.005% of the Net Asset Values of the assets of the different Funds, with possible higher depositary annual fees for (i) those Funds of the Company the investment objectives and policies of which provide for investments in equity securities of issuers in developing countries and (ii) newly created Funds whose assets have not reached the expected level of assets for the application of the above range yet, as reflected in more detail in the Funds' relevant total expense ratio (TER) and in the Company financial reports and made available at the registered office of the Management Company. Such fee will be calculated and accrued daily and will be paid monthly in arrears to the Depositary by the Company.

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.

Such Other Company Charges and Expenses 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.

MAINTENANCE CHARGE

A maintenance charge of up to 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. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor.

The Principal Distributor may 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.

Class I, Class 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 the Grand Duchy of Luxembourg.

TAXATION OF INVESTORS

Investors should note that certain Share Classes may make distributions from capital, net realised and net unrealised capital gains as well as income 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, this 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 with regard to these matters.

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).

AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION

On 29 October 2014, the Grand Duchy of Luxembourg signed the Multilateral Competent Authority Agreement (the "MCAA") on the implementation of the Global Standard for the automatic exchange of financial account information. By signing the MCAA, Luxembourg agreed to implement regulations to enable the adoption of automatic exchange of information with other MCAA signatory countries.

On 9 December 2014, the European Council adopted Directive 2014/107/EU in relation to the administrative cooperation in the field of direct taxation. Directive 2014/107/EU provides for the automatic exchange of account information between Member States of the European Union ("EU Member States"), reporting commenced in 2017 in relation to accounts held in the 2016 calendar year. Directive 2014/107/EU has been implemented in the Grand Duchy of Luxembourg by the law of 18 December 2015 relating to the automatic exchange of financial account information in tax matters (the "2015 Law"), which was effective from 1 January 2016.

Investors are hereby notified that the Company may be required by Luxembourg law to report details of specified accounts of account holders resident in EU Member States or MCAA signatory jurisdictions. The Luxembourg Tax Authorities may share such account data in accordance with Directive 2014/107/EU and the MCAA with the Tax Authorities of other EU Member States and MCAA signatory jurisdictions, where the account holder is tax resident. The information which may be reported includes, in the case of an individual, the reportable person's name, address, tax identification number, date and place of birth, balance of the account and the total gross amount paid or credited to the account in respect of the relevant reporting period.

The foregoing is only a summary of the implications of Directive 2014/107/EU, the MCAA and the 2015 law. The summary 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 Directive 2014/107/EU, the MCAA and the 2015 law.

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 became effective on 1 July 2014. Generally, FATCA requires financial institutions outside the U.S. ("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 U.S. persons. A 30% withholding tax is imposed on certain types of U.S. 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 hence has to comply with such Luxembourg IGA, as implemented into Luxembourg law by the law of 24 July 2015 relating to FATCA (the "FATCA Law") in order to comply with the provisions of FATCA rather than directly complying with the U.S. Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Company will be required to collect information aiming to identify its direct and indirect Shareholders that are U.S. 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 FATCA Law and the Luxembourg IGA 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 FATCA Law place upon it.

To ensure the Company's compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, Franklin Templeton International 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 U.S. reportable account under the FATCA Law and the Luxembourg IGA; and
c. report information to the Luxembourg tax authorities concerning payments to account holders with the FATCA status of non-participating foreign financial institution.

MEETINGS AND REPORTS

The Annual General Meeting is held at the registered office of the Company on the last Thursday of March in each year at 2:30 p.m. or, if such day is not a Business Day, on the immediately following Business Day. For all general meetings of Shareholders notices will be sent to the registered Shareholders by post at least 8 days prior to the meeting at their address 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. Notices will be published in the *Recueil Electronique des Sociétés et Associations* (hereafter "RESA") and in a Luxembourg newspaper (if legally required) and in such other newspapers as the Directors may decide. Such notices 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 450-1 and 450-3 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 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 aforesaid reports will comprise consolidated accounts of the Company expressed in USD as well as individual information on each Fund (which are expressed in the respective reporting currency of the Funds) and will be prepared in accordance with Luxembourg GAAP (Generally Accepted Accounting Principles). The accounting year of the Company ends on 31 October 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 Share 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.

FAIR TREATMENT OF INVESTORS

The Management Company has established procedures, arrangements and policies to ensure compliance with the principles of fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- Acting in the best interests of the Company and of the investors;
- Executing the investment decisions taken for the account of the Company in accordance with the objectives, the investment strategy and the risk profile of the Company;
- Taking all reasonable measures to ensure that orders are executed to obtain the best possible result;
- Preventing from placing the interests of any group of investors above the interests of any other group of investors;

- Ensuring that fair, correct and transparent pricing models and valuation systems are used for the Company managed;
- Preventing undue costs being charged to the Company and investors.

The Management Company maintains and operates organizational, procedural and administrative arrangements and implements policies and procedures designed to manage actual and potential conflicts of interest.

INFORMATION AND DOCUMENTS MADE AVAILABLE TO SHAREHOLDERS

Copies of the Articles, the current Prospectus, KID and the latest annual and semi-annual reports may be obtained by Shareholders free of charge during normal office hours at the registered office of the Company and of the Management Company. The Articles shall be deemed to form part of this Prospectus. KIDs are also available on www.ftidocuments.com.

Pursuant to the AIFMD, the following information will be made available to Shareholders in the annual report:

(a) the percentage of each Fund's assets which will be subject to special arrangements arising from their illiquid nature, including an overview of any special arrangements in place, the valuation methodology applied to assets which are subject to such arrangements and how management fees will apply to these assets;
(b) the current risk profile of each Fund, including:
  (i) the measures used to assess the sensitivity of a Fund's portfolio to the most relevant risks to which that Fund is or could be exposed;
  (ii) if risk limits set by the Management Company have been or are likely to be exceeded and, where these risk limits have been exceeded, a description of the circumstances and the remedial measures taken; and
(c) the total amount of Leverage employed by each Fund calculated in accordance with the Gross and Commitment Methods;
(d) any material changes to the information above.

Further information regarding the risk management process and liquidity management systems and procedures, including the measures used to assess the sensitivity of a Fund's portfolio to the most relevant risks to which that Fund is or could be exposed, can be found upon request at the registered office of the Management Company.

Shareholders will be informed of any change to the information above without undue delay by way of update to this Prospectus. Where required, such change will be preceded by notification to Shareholders.

It is intended that Shareholders will be notified immediately of any material changes to the liquidity management process and procedures, of the suspension of redemptions or activation of similar special liquidity arrangements, as well as any change to the maximum level of Leverage which a Fund may employ.

Side letters may be negotiated with specific Investors when (i) the investment size reaches a certain threshold, whereupon particular financial terms deviating from those currently disclosed in the Prospectus may be agreed; and/or (ii) the Investor is required to perform portfolio analytics, including, but not limited to, risk analysis/asset allocation purposes or is required to disclose non-public information in advance in order to comply with either a regulatory or audit request. The nature and scope of the side letters may vary between Investors but essentially these arrangements mainly consist of (i) particular fee treatments in relation to specific significant investments; or (ii) early disclosure of non-public portfolio information through non-disclosure agreements. As of the date of this Prospectus, side letter arrangements have been entered into with certain Investors in relation to the Fund. Information about any preferential treatment granted to certain investors is available at the registered office of the Company to the extent and as required by the AIFMD.

All information to be provided to investors under Regulation 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse ("Regulation 2015/2365") including a general description of the securities financing transactions and total return swaps used by the Funds (if any) or that the Funds may use and the rationale for their use as well as any other data provided for in Section B of the Annex to Regulation 2015/2365 will be made available at the registered office of the Company and will be sent to investors upon request.

PUBLICATION OF PRICES AND PAST PERFORMANCE INFORMATION

The latest NAV as well as past performance information for the Company will be available from our website: http://www.franklintempleton.lu or during normal office hours at the registered office of the Company or the Management Company.

QUERIES AND COMPLAINTS

Any person who would like to receive further information regarding the Company or who wishes to make a complaint about the operation of the Company should contact Franklin Templeton International Services S.à r.l., 8A, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg.

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 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.

Standard Dealing Methods
(in writing, by telephone, facsimile, or electronic request (including e-mail) if expressly allowed by the Management Company)

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 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	16:00 CET	16:00 CET	16:00 CET

Electronic Dealing

(Swift, Direct Electronic link with Franklin Templeton or via Franklin Templeton electronic service if allowed by the Management Company)

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 and/or where electronic service is available	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 office. This information is available on the internet site *http://www.franklintempleton.lu*

Definitions:
CET: Central Europe time

APPENDIX B

INVESTMENT RESTRICTIONS

The Board of Directors have adopted the following restrictions relating to the investment of the Company's assets and its activities unless otherwise specified for a Fund in its investment policy. 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 term "securities" used in these investment restrictions includes "Obligations" as defined under section "Fund Information, Objectives and Investment Policies" and the term "issuer" used in these investment restrictions includes "borrower" as the context permits.

A. The Board of Directors has resolved that:

1) A Fund may not invest in securities of any single issuer, if the value of the holdings of the Fund in the securities of such issuer exceeds 10% of the Fund's total net assets, except that such restriction shall not apply to securities and money market instruments issued or guaranteed by Member States of OECD, or by their local authorities or public international bodies with EU, regional or world-wide scope, or by any instrumentalities or agencies sponsored by the Federal Government of the United States. Should a Fund invest in structured products, this restriction shall apply to both the issuer of the relevant structured product and to the relevant structured product final debtor risk (i.e. the issuer of the "underlying"). 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 having 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 Community law or 5% of its net assets in other cases.

2) A Fund may not acquire more than 10% of the outstanding securities of the same kind of a single issuer provided that the limit shall be applicable at the time of acquisition of the securities concerned and any subsequent increase of the percentage in excess of such 10% limit and up to a 25% limit arising otherwise than as a result of the acquisition by the Fund of further securities of such issuer, shall not need to be remedied. If, in the event that such 25% limit is exceeded, the Investment Manager must adopt as a priority objective the remedying of such situation if deemed prudent by the Investment Manager in view of prevailing market conditions and liquidity, taking due account of the interests of each Fund's Shareholders. Such restriction shall not apply to securities and money market instruments issued or guaranteed by a Member State of the OECD, or by their local authorities or public international bodies with EU, regional or worldwide scope, or by any instrumentalities or agencies sponsored by the Federal Government of the United States.

3) A Fund may not make investments for the purpose of exercising control or management.

4) Unless otherwise provided for in the investment policy of a specific Fund, a Fund may not invest more than 10% of its total net assets in other open-ended Investment Funds. If a Fund is allowed to invest more than 10% of its total net assets in other open-ended Investment Funds, the relevant Fund shall not invest more than 20% of its total net assets in units or shares of a single Investment Fund.

   For the purpose of this paragraph, each compartment of an Investment Fund with multiple compartments is to be considered as a distinct Investment Fund, provided that the principle of segregation of the commitments of the different compartments *vis-à-vis* third parties is ensured.

5) Unless otherwise provided for in the investment policy of a specific Fund, the Company may not borrow, on behalf of a Fund, other than borrowings which in the aggregate do not exceed 10% of the total net assets of such Fund which borrowings may, however, only be made on a temporary basis and in line with usual market conditions.

6) The Company may not, on behalf of a Fund, mortgage, pledge, hypothecate or in any manner transfer as security for indebtedness, any securities owned or held on behalf of such Fund, except as may be necessary in connection with borrowings mentioned in 5 above and provided that 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 future contracts are not deemed the pledge of the assets. Notwithstanding the above, this restriction shall not prevent any Fund to invest in Obligations.

7) The Company may not use the assets of any Fund to underwrite or subunderwrite any securities, except to the extent that, in connection with the disposition of portfolio securities, it may be deemed to be an underwriter under applicable securities laws.

8) Any Fund (the "Investing Fund") may subscribe, acquire and/or hold securities to be issued or issued by one or more Fund (each a "Target Fund") without the Company being, subject to the requirements of the law of August 10, 1915 (as amended) relating to commercial companies with respect to the subscription, acquisition and/or the holding by a company of its own shares; under the condition however that:
   - the Investing Fund may not invest more than 10% (or 20% for Funds which are allowed to invest more than 10% in aggregate in Investment Funds) of its net asset value in a single Target Fund; and
   - the Target Fund(s) do(es) not, in turn, invest in the Investing Fund invested in this (these) Target Fund (s); and
   - the investment policy(ies) of the Target Fund(s) whose acquisition is contemplated does not allow such Target Fund(s) to invest more than 10% of its(their) net asset value in other Target Fund(s); and

- voting rights, if any, attaching to the shares of the Target Fund(s) held by the Investing Fund are suspended for as long as they are held by the Investing Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- the Target Fund(s) will neither levy a sales nor a redemption charge on the Investing Fund; and
- in any event, for as long as these securities are held by the Investing Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the Law of 17 December 2010.

The Board of Directors has further resolved that the Company may, for the purpose of efficient portfolio management of its assets or for providing protection against exchange rate risks under the conditions and within the limits laid down by law, regulation and administrative practice and as described below, employ techniques and instruments relating to transferable securities.

B. If and to the extent permitted by its investment policy, a Fund may invest in financial derivative instruments for investment purposes within the limits laid down in clause A.1) and A.2).

The Company shall ensure that the 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 before the impact of any temporary borrowings but including the impact of repurchase/reverse repurchase agreements and securities lending, to the extent such activity, including the reinvestment of collateral, increases the Exposure of the Fund. In addition, this overall risk exposure may not be increased by more than 10% by means of temporary borrowings as referred to in clause A.5), so that in aggregate, including the impact of financial derivative instruments and any temporary borrowing, Exposure may not exceed 210% of any Fund's total net assets under any circumstances.

The exposure is analysed taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

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.

1. Options on Securities

The Company may deal in options on securities provided the following limitations are observed:

(A) Purchases and sales of options on securities shall be limited so that, upon exercise thereof, none of the other limit percentages would be infringed.

(B) Put options on securities may be sold provided adequate liquid assets are set aside by the Fund concerned until the expiry of the said put options to cover the aggregate exercise price of the securities to be acquired by the Fund pursuant thereto.

(C) Call options on securities will only be sold if such sale does not result in a short position; in such event the relevant Fund will maintain in its portfolio the underlying securities or other adequate instruments to cover the position until the expiry date of the relevant call options granted on behalf of such Fund, except that the Company may dispose of the said securities or instruments in declining markets under the following circumstances:

(i) the markets must be sufficiently liquid to enable the Company to cover the short position of that Fund at any time; and

(ii) the aggregate of the exercise prices payable under such uncovered options shall not exceed 25% of the Net Asset Value of such Fund.

(D) No option on securities will be purchased or sold unless it is quoted on an exchange or dealt in on a Regulated Market and provided, immediately after its acquisition, the aggregate of the acquisition prices (in terms of premiums paid) of such options and of all other options acquired for purposes other than hedging held by the relevant Fund does not exceed 15% of its Net Asset Value.

2. Stock Index Options

In order to hedge against the risk of fluctuations in the value of a securities portfolio, the Company may sell call options on stock indices or acquire put options on stock indices provided:

(A) The commitments deriving therefrom do not exceed the value of the relevant assets to be hedged; and

(B) The total amount of such transactions does not exceed the level necessary to cover the risk to the fluctuation of the value of the assets concerned.

For the purpose of efficient portfolio management, the Company may acquire call options on stock indices mainly in order to facilitate changes in the allocation of a Fund's assets between markets or in anticipation of a significant market sector advance, provided the value of the underlying securities included in the relevant stock index options is covered by cash, short-term debt securities and instruments owned by such Fund or securities to be disposed of by such Fund at predetermined prices;

provided however that:

(A) All such options must either be listed on an exchange or dealt in on a Regulated Market; and

(B) The aggregate acquisition cost (in terms of premium paid) chargeable to a Fund in respect of options on securities and of all options acquired for purposes other than hedging shall not exceed 15% of the Net Asset Value of such Fund.

3. Currency Hedging

The Company may for the purposes of hedging currency risks have outstanding commitments in respect of forward currency contracts, currency futures or currency swap agreements or currency options (sales of call options or purchases of put options) provided that:

(A) The total amount of such transactions does not exceed the level necessary to cover the risk of the fluctuation of the value of the assets of the Fund concerned denominated in a particular currency or any other currency which will be deemed to have a sufficient correlation with that particular currency. The hedging of currency risk may involve the use of cross-currency contracts to alter the currency exposure of the Fund in case it is more advantageous to the Fund; and

(B) The commitments deriving therefrom do not exceed the value of the relevant assets to be hedged and the duration of these transactions does not exceed the period for which the respective assets are held.

The Company may also use forward currency contracts to hedge back to investment currencies those investments which are made temporarily in other currencies, if for market reasons the Company has decided to discontinue temporarily investments denominated in such currency. Similarly, the Company may hedge through forward contracts or currency options the currency exposure of contemplated investments to be made in investment currencies, provided that these contracts are covered by assets denominated in the currency to be disposed of. For the purpose of these restrictions, investment currencies are those currencies which are comprised in the benchmark used by the Company for investments of the relevant Fund.

Currency futures and currency options must either be quoted on an exchange or dealt in on a Regulated Market. The Company may, however, enter into currency forward contracts, option arrangements or swap arrangements with highly rated financial institutions specialised in these types of transactions.

4. Interest Rate Transactions

In order to hedge against interest rate fluctuations, the Company may sell interest rate futures or write call options or purchase put options on interest rates or enter into interest rate swaps provided:

(A) The commitments deriving therefrom do not exceed the value of the relevant assets to be hedged; and

(B) The total amount of such transactions does not exceed the level necessary to cover the risk of the fluctuation of the value of the assets concerned.

Such contracts or options must be denominated in the currencies in which the assets of such Fund are denominated, or in currencies which are likely to fluctuate in a similar manner and must be either listed on an exchange or dealt in on a Regulated Market.

For the purpose of efficient portfolio management, the Company may also enter into interest rate futures purchase contracts or acquire call and put options on interest rate futures, mainly in order to facilitate changes in the allocation of the assets of a Portfolio between shorter or longer term markets, in anticipation of or in a significant market sector advance, or to give a longer term exposure to short term investments, provided always that sufficient cash, short dated debt securities or instruments or securities to be disposed of at a predetermined value exist to match the underlying exposure of both such futures positions and the value of the underlying securities included in call options on interest rate futures acquired for the same purpose and for the same Fund;

provided however that:

(A) All such futures and options on interest rate futures must be either listed on an exchange or dealt in on a Regulated Market, whereas interest rate swap transactions may be entered into privately by agreement with a highly rated financial institution specialised in this type of transaction; and

(B) The aggregate acquisition cost (in terms of premium paid) chargeable to a Fund in respect of options on securities and of all options acquired for purposes other than hedging, shall not exceed 15% of the Net Asset Value of such Fund.

5. Dealing in Financial and Index Futures

In order to hedge against the risk of fluctuations in the value of the portfolio securities of a Fund, the Company may have outstanding commitments in respect of financial and index futures sales contracts not exceeding the value of the corresponding assets to be hedged.

For the purpose of efficient portfolio management, the Company may also enter into financial and index futures purchase contracts, mainly in order to facilitate changes in the allocation of a Fund's assets between markets or in anticipation of a significant market sector advance provided that:

(A) Sufficient cash, short term debt securities or instruments owned by the Fund concerned or securities to be disposed of by such Fund at a predetermined value exist to match the underlying exposure of both such futures positions and the value of the underlying securities included in call stock index options acquired for the same purpose; and

(B) All such index futures must be listed on an exchange or dealt in on a Regulated Market.

6. Transactions made for a Purpose other than Hedging

The Company may, for a purpose other than hedging, purchase and sell futures contracts, options on any kind of financial instruments and equity swaps provided that:

(A) The aggregate commitments in connection with the purchase and sale of futures contracts, options on any kind of financial instruments and equity swaps together with the amount of the commitments relating to the writing of call and put options on transferable securities do not exceed at any time the value of the net assets of the relevant Fund; and

(B) The total premiums paid for the acquisition of outstanding call and put options on transferable securities may not together with the total of the premiums paid for the purchase of call and put options outstanding made for a purpose other than hedging exceed 15% of the net assets of the relevant Fund.

(C) The Company will only enter into equity swap transactions with highly rated financial institutions specialised in this type of transactions.

7. Transactions in OTC Options

By derogation to the restrictions set out in paragraphs B.1., B.2., B.3. and B.4. above, but always within the other limits set forth therein, the Company may purchase or sell over-the-counter ("OTC") options if such transactions are more advantageous to a Fund or if quoted options having the required features are not available, provided such transactions are made with highly rated counterparties specialising in these types of transactions.

8. Securities Lending Transactions

The Company may participate in securities lending transactions only within the framework of a standardised lending programme organised by a recognised securities clearing body or by a highly rated financial institution specialised in this type of transactions.

In relation to such lending transactions, the Company must in principle receive for the Fund concerned security of a value which at the time of the conclusion of the lending agreement must be at least equal to the value of the global value of the securities lent.

The Company may not enter into securities lending transactions unless such lending is fully and continuously secured by the pledge of cash and/or securities issued or guaranteed by an OECD member state or by local authorities of an OECD member state or by supranational institutions or organisations, with EU, regional or world-wide scope, or by a guarantee of a highly rated financial institution and blocked in favour of the Company until the termination of the lending contract.

Lending transactions may not be entered into in respect of more than 50% of the total value of the portfolio of each Fund. Such limitation shall not apply where the Company has the right at any time to terminate the lending contract and obtain restitution of the securities lent.

Lending transactions may not extend beyond a period of 30 days, except for lending transactions where the securities may be reclaimed at any time by the Company.

9. Repurchase Agreements

The Company may enter into repurchase agreements for the purchase or sale of securities where the counterparty is a highly rated financial institution specialised in such transactions. Where the Company is the purchaser, the securities purchased shall be held by or on behalf of the Company for the duration of the repurchase agreement. The Company will limit the total value of securities subject to repurchase agreements in order to ensure it can fulfil its redemption obligations at any time.

If the limits referred to in the preceding paragraphs are exceeded for reasons beyond the control of the Company, or as a result of the exercise of subscription rights, the Board of Directors must, as a priority, take all steps as necessary within a reasonable period of time to rectify that situation, taking due account of the interests of its Shareholders.

10. Loan Credit Default Swaps and Credit Default Swaps

The Company may use loan credit default swaps or credit default swaps. Both loan credit default swaps and credit default swap are bilateral financial contracts in which one counterpart (the protection buyer) pays a periodic fee in return for a contingent payment by the protection

seller following a credit event of a reference issuer. The protection buyer must either sell particular obligations issued by the reference issuer at their par value (or some other designated reference or strike price) when a credit event occurs or receive a cash settlement based on the difference between the market price and such reference or strike price. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt, or failure to meet payment obligations when due. The International Swaps and Derivatives Association ("ISDA") has produced standardised documentation for these transactions under the umbrella of its ISDA Master Agreement.

The Company may use loan credit default swaps (or credit default swaps) in order to hedge the specific credit risk of some of the issuers in its portfolios by buying protection.

In addition, the Company may, provided it is in the exclusive interests of its Shareholders, buy protection under loan credit default swaps (or credit default swaps) without holding the underlying assets provided that the aggregate premiums paid together with the present value of the aggregate premiums still payable in connection with credit default swaps previously purchased and the aggregate premiums paid relating to the purchase of options on transferable securities or on financial instruments for a purpose other than hedging, may not, at any time, exceed 25% of the net assets of the relevant Fund.

Provided it is in the exclusive interests of its Shareholders, the Company may also sell protection under loan credit default swaps (or credit default swaps) in order to acquire a specific credit exposure. In addition, the aggregate commitments in connection with such loan credit default swaps (or credit default swaps) sold together with the amount of the commitments relating to the purchase and sale of futures and option contracts on any kind of financial instruments and the commitments relating to the sale of call and put options on transferable securities may not, at any time, exceed the value of the net assets of the relevant Fund.

The Company will only enter into loan credit default swaps (or credit default swaps) transactions with highly rated financial institutions specialised in this type of transaction and only in accordance with the standard terms laid down by the ISDA. In addition, the use of loan credit default swaps (or credit default swaps) must comply with the investment objectives and policies and risk profile of the relevant Fund.

The total notional value of all loan credit default swaps (or credit default swaps) will not exceed 25% of the net assets of any Fund.

The total notional value of loan credit default swaps (or credit default swaps) together with the total notional value of other derivative instruments may not, at any time, exceed the value of the net assets of the relevant Fund.

The Company will ensure that, at any time, it has the necessary assets in order to pay redemption proceeds resulting from redemption requests and also meet its obligations resulting from credit default swaps and other techniques and instruments.

11. Re-use of collateral

Per general Franklin Templeton policy, the Funds are not reusing collateral or any guarantee under the Funds' leveraging arrangements.

C. Miscellaneous:

1. The Company may not make loans to other persons or act as a guarantor on behalf of third parties.

2. The Company may not carry out uncovered sales of securities.

3. The Company need not comply with the investment limit percentages when exercising subscription rights attached to securities which form part of its assets.

4. The Management Company, the Investment Managers, the Principal Distributor, the Distributors, the Depositary and any authorised agents or their associates may have dealings in the assets of the Company provided that any such transactions are effected on normal commercial terms negotiated at arm's length and provided that each such transaction complies with any of the following:

   (i) a certified valuation of such transaction is provided by a person approved by the Board of Directors as independent and competent;

   (ii) the transaction has been executed on best terms, on and under the rules of an organised investment exchange; or

   where neither i) or ii) is practical

   (iii) where the Board of Directors are satisfied that the transaction has been executed on normal commercial terms negotiated at arm's length.

If the limits referred to in the paragraphs in this Appendix B are exceeded for reasons beyond the control of the Company, or as a result of the exercise of subscription rights, the Board of Directors must, as a priority, take all steps as necessary within a reasonable period of time to rectify that situation, taking due account of the interests of its Shareholders.

D. Additional investment restrictions:

From January 1, 2018 onwards, the following Fund (i) will only invest into UCITS investment funds, (ii) will, at any time, hold more than 3

assets with different investment risk and (iii) will not invest via a subsidiary:

1) Franklin Emerging Market Debt Opportunities II Fund

From January 1, 2018 onwards, for the following Fund, (i) its participation in a corporation will be less than 10% of the capital of such a corporation and (ii) it will not invest more than 20% of its net asset value in equity and equity-related securities of corporations which are not admitted for trade on a stock exchange nor admitted to any other regulated market:

1) Franklin Emerging Market Debt Opportunities II Fund

12. Leverage

Leverage, when used in this Prospectus, means any method by which the Management Company may increase the Exposure of a Fund over and above the Exposure triggered by its investments held directly, whether by borrowing cash or securities, or from Leverage embedded in derivative positions, or by other means. The following sources of Leverage can be used when managing a Fund:

(a) cash borrowing;
(b) financial derivative instruments; and
(c) reinvestment of cash collateral in the context of securities lending.

The Management Company is required to calculate and monitor the level of Leverage, generated using the means described above, where Leverage is expressed as a ratio between the Exposure of the Fund and its Net Asset Value (Exposure/NAV), calculated using both the Gross Method and the Commitment Method.

Under the Gross Method, the Exposure of a Fund is calculated as follows:

(a) include the sum of the absolute values of all positions held;
(b) exclude cash and cash equivalents which are highly liquid investments held in the base currency of the Fund, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;
(c) convert each derivative instrument into an equivalent position in the underlying asset;
(d) exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
(e) include Exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed;
(f) include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.

Under the Commitment Method, the Exposure of a Fund is calculated as follows:

(a) include the sum of absolute values of all the positions held;
(b) convert each derivative instrument position into an equivalent position in the underlying asset;
(c) apply netting and hedging arrangements (further explanation provided below);
(d) calculate the Exposure created through the reinvestment of borrowings where such reinvestment increases the Exposure of the AIF or UCI;
(e) include other arrangements related to convertible bonds, repurchase / reverse repurchase agreements, and securities lending or borrowing arrangements.

Netting arrangements shall include combinations of trades on derivative instruments or security positions which refer to the same underlying asset, irrespective – in the case of derivative instruments – of the maturity date of the derivative instruments and where those trades on derivative instruments or security positions are concluded with the sole aim of eliminating the risks linked to positions taken through the other derivative instruments or security positions.

Hedging arrangements shall include combinations of trades on derivative instruments or security positions which do not necessarily refer to the same underlying asset and where those trades on derivative instruments or security positions are concluded with the sole aim of offsetting risks linked to positions taken through the other derivative instruments or security positions.

Further information on calculating Exposure and the resulting Leverage ratios that result from using the Commitment and Gross Methods can be found at the registered office of the Management Company.

The maximum level of Leverage, expressed as a ratio of market Exposure related to underlying investments as well as any incremental Exposure which a Fund may employ, calculated in accordance with the Gross and Commitment Methods, is stated for each Fund in "Fund Information, Objectives and Investment Policies" of this Prospectus. In addition, the Leverage ratio calculated using both the Gross and Commitment Methods will be disclosed in the Company's annual report.

As calculations obtained by using the Gross Method do not take into account whether a particular financial derivative instrument increases or decreases investment risk (since hedging and netting arrangements are not included), they may not be representative of the actual level of investment risk within a Fund.

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 14 May 2007, for an undetermined period. The Articles were published in *the Mémorial* on 4 June 2007. The Company is registered with the *Registre de Commerce et des Sociétés de et à Luxembourg*, under number B 127.818. Copies of the Articles 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. Any amount transferred to the *Caisse de Consignation* is subject to a "*taxe de consignation*" and as a consequence, the initial amount might not be refunded.

4. The Board of Directors may decide to liquidate a Fund if the net assets of such Fund fall below USD 50 million or if a change in the economic or political situation relating to the Fund concerned would justify such liquidation, or if required by the interests of the Shareholders of the Fund concerned. The decision of the liquidation will be published or notified, if appropriate, to the Shareholders by the Company prior to the effective date of the liquidation and the publication/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 instruct the 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. Any amount transferred to the *Caisse de Consignation* is subject to a "*taxe de consignation*" and as a consequence, the initial amount might not be refunded. If not claimed, they shall be forfeited in accordance with Luxembourg law.

Under the same circumstances as described in the preceding paragraph, the Board of Directors may decide to close one Fund by contribution into another Fund or into another undertaking for collective investment governed by the laws of the Grand Duchy of Luxembourg. Such decision will be published or notified, if appropriate, in the same manner as described in the preceding paragraph and, in addition, the publication/notification will contain information in relation to the other Fund or other undertaking for collective investment. Such publication/notification will be made within one month before the date on which the merger becomes effective in order to enable Shareholders to request sale or switch of their Shares, free of charge, before the operation involving contributions into another Fund or other undertaking for collective investment becomes effective.

If the circumstances so require, the provisions described above apply *mutatis mutandis* to closure of a Share Class and to contributions of Share Class existing within a Fund into another Fund or into another undertaking for collective investment governed by the Law of 17 December 2010.

In the event that the Board of Directors determines that it is required by the interests of the Shareholders of the relevant Fund or that a change in the economic or political situation relating to the Fund concerned has occurred which would justify it, the reorganization of one Fund by means of a division into two or more Funds, may be decided by the Board of Directors. Such decision will be published or notified, if appropriate, in the same manner as described above and, in addition, the publication/notification will contain information in relation to the two or more new Funds. Such publication/notification will be made effective one month before the date on which the reorganization becomes effective in order to enable the shareholders to request redemption of their shares, free of charge before the operation involving division into two or more Funds becomes effective.

Where the Board of Directors does not have the authority to do so or where the Board of Directors determines that the decision should be put for shareholders' approval, the decision to liquidate, to merge or to reorganise a Fund may be taken at a meeting of shareholders of the Fund to be liquidated, merged or reorganised instead of being taken by the Board of Directors. At such Fund meeting, no quorum shall be required and the decision to liquidate, merge or reorganise must be approved by a simple majority of the votes cast. The decision of the meeting will be notified and/or published by the Company. The decision relating to the merger or the reorganisation of the Fund will be published/notified no later than one month before the effective date of liquidation, merger or reorganization of the Fund in order to enable shareholders to request redemption or switching of their shares, free of charge, before the merger or reorganization of the Fund becomes effective.

The preceding paragraph also applies to a division of Shares of any Share Class.

In the circumstances provided in the first paragraph of point 4, the Board of Directors may also, subject to regulatory approval (if required), to consolidate or split any Share Classes within a Fund. To the extent required by Luxembourg law, such decision will be published or notified,

if appropriate, in the same manner as described above 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.

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, 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 fees payable to the Investment Manager(s), Depositary and corporate agents);

(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 others 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 expenses payable by the Company comprising formation expenses, fees payable to the Management Company for the performance of its various services and for those rendered by the Investment Managers, the Depositary, paying agents and permanent representatives in places of registration, any other agent/entity employed by the Company, fees for legal and/or auditing services, printing, reporting and publishing expenses, including the cost of advertising and/or preparing and printing of the prospectuses, explanatory memoranda or registration statements, taxes or governmental charges and all other operating expenses, including the cost of buying and selling assets, interest, bank charges and brokerage commissions, insurance premiums, postage, telephone, telegram, telex, telefax message and facsimile (or other similar means of communication). The Company and/or the Administrative Agent, as appropriate, 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 accordance with the Law of 12 July 2013, the valuation function is performed by the Management Company independently from the portfolio management function.

In determining the NAV of the Company, the Management Company and/or the Administrative Agent, values cash and receivables at their realisable amounts and records interests as accrued and dividends on the ex-dividend date. The Management Company and/or the Administrative Agent 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 and/or the Administrative Agent 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 and/or the Administrative Agent 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 and/or the Administrative Agent 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 and/or the Administrative Agent 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 and/or the Administrative Agent.

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 Management Company. 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 and the Administrative Agent have 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.

Units or shares of undertakings for collective investment, including Fund(s) of the Company, shall be valued on the basis of their last available net asset value as reported by such undertakings.

The application of fair value pricing procedures represents a good faith determination based upon specifically applied procedures. There can be no assurance that the Management 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 and/or the Administrative Agent 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 Managers to accommodate cash inflows or outflows.

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.

The Fund operates a swing pricing mechanism which is applied when the total capital activity (aggregate of inflows and outflows) at a Fund level exceeds a pre-determined threshold, as determined as a percentage of the net assets of that Fund for the Valuation Day. Funds can operate a full swing pricing mechanism where the threshold is set to zero or a partial swing pricing mechanism where the threshold is greater than zero.

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. Swing pricing does not address the specific circumstances of each individual investor transaction.

The adjustments will seek to reflect the anticipated prices at which the Fund will be buying and selling assets, as well as estimated transaction costs.

Investors are advised that the volatility of any Fund's Net Asset Value might not reflect the true portfolio performance as a consequence of the application of swing pricing.

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.

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 under normal market conditions will not exceed 2% of the original Net Asset Value per Share. The Board of Directors can approve an increase of this limit in case of exceptional circumstances, unusually large Shareholders trading activities, and if it is deemed to be in the best interest of Shareholders.

The Management Company mandates authority to the Swing Pricing Oversight Committee to implement and on a periodic basis review, the operational decisions associated with swing pricing. This committee is responsible for decisions relating to swing pricing and the ongoing approval of swing factors which form the basis of pre-determined standing instructions.

The price adjustment is available on request from the Management Company at its registered office.

On certain share classes, the Management Company may be entitled to a performance fee, where applicable, this will be based on the unswung NAV.

Additional information on swing pricing can be found at:
https://www.franklintempleton.lu/investor/resources/investor-tools/swing-pricing.

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 on 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;

   (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;

   (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 value on any stock exchange or market;

   (d) any period when the Company is unable to repatriate funds for the purpose of making payments due on sale of Shares of such Fund or any period when the transfer of funds involved in the realisation or acquisition of investments or payments due on sale of 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;

   (f) during any period when in the opinion of the Directors there exists unusual circumstances where it would be impractical or unfair towards the Shareholders to continue dealing in the Shares of the Company or of any Fund or any other circumstances, or circumstances where a failure to do so might result in the Shareholders or a Fund incurring any liability to taxation or suffering other pecuniary disadvantage or other detriment which the Shareholders 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 of Shareholders 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, if appropriate, by the Company and/or the Management Company and shall be notified to Shareholders instructing sale or switching of their Shares by the Company at the time of the filing of the 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 on 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 declared 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 shall 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 paid the price therefore, 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 SERIES II FUNDS
CHARGES, FEES AND EXPENSES

1. ENTRY CHARGE AND CDSC

Entry Charge

Share Class Overview	Class A	Class N	Class I	Class W	Class X	Class Y
Investor Category	Retail / Institutional	Retail / Institutional	Institutional	Retail / Institutional	Institutional	Institutional
Entry Charge	Up to 6.50%	Up to 3%	No	No	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 being sold or their Net Asset Value when purchased whichever is less.

CDSC for Class A Shares on qualified investments of USD 1 million or more	
Period since purchase	**Percentage**
Less than 18 months	Up to 1%
Equal or more than 18 months	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 and is charged investment management fees directly by Franklin Templeton, 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 payable to the Management Company apply in respect of the Shares as indicated below:

Fund Name	Class A and N	Class I	Class W
Franklin Emerging Market Debt Opportunities II Fund	N/A	0.70%	0.70%

3. MAINTENANCE CHARGES

The following maintenance charges apply in respect of the Class A Shares:

Fund Name	Class A*	Class N*
Franklin Emerging Market Debt Opportunities II Fund	N/A	N/A

* Maintenance charge per annum applied to the average Net Asset Value of the Share Class.

4. MANAGEMENT COMPANY AND DEPOSITARY FEES

Management Company fee: up to 0.25% of the Net Asset Value of the relevant Share Class and a fixed amount per year to cover part of its organisational expenses, as further described in section "Management Company Remuneration".

Depositary fee: from 0.001% to 0.005% of the Net Asset Values of the assets of the different Funds, with possible higher depositary annual fees for certain Funds, as further described in section "Other Company Charges and Expenses".

APPENDIX F

LIST OF ELIGIBLE MARKETS OUTSIDE THE EU/EEA

I. Stock Exchanges in European countries that are not member states of the EU or contracting states of the Agreement on a European Economic Area

Croatia:
Zagreb Stock Exchange

Russia:
Russian Trading System Stock Exchange
Moscow Interbank Currency Exchange

Switzerland:
SWX Swiss Exchange

Turkey:
Istanbul Stock Exchange

II. Stock Exchanges in Non-European Countries

Egypt:
Cairo & Alexandria Stock Exchanges

Argentina:
Buenos Aires

Australia:
Australian Securities Exchange (ASX)

Bermuda:
Bermuda Stock Exchange

Brazil:
Sao Paulo
Rio de Janeiro

Chile:
Santiago

China:
Hong Kong Stock Exchange
Shanghai Stock Exchange
Shenzhen Stock Exchange

India:
Bombay Stock Exchange (BSE)
National Stock Exchange of India (NSE)
Calcutta
Delhi
Madras

Indonesia:
Indonesia Stock Exchange

Israel:
Tel-Aviv Stock Exchange

Japan:
Tokyo
Osaka
Nagoya
Fukuoka
Sapporo
JASDAQ Securities Exchange

Jordan:
Amman Stock Exchange

Canada:
Toronto Stock Exchange
Montréal Stock Exchange
TSX Venture Exchange

Kazakhstan:
Kazakhstan Stock Exchange (KASE)

Columbia:
Colombian Stock Exchange

Korea:
Korea Exchange (Busan, Seoul)

Malaysia:
Bursa Malaysia
Malaysian Bonds Market

Mauritius:
Stock Exchange of Mauritius

Mexico:
Mexico City

New Zealand:
New Zealand Exchange (NZX)

Peru:
Lima

Philippines:
Philippine Stock Exchange

Saudi Arabia:
Saudi Stock Exchange (Tadawul)

Singapore:
Singapore Exchange Ltd.

Sri Lanka:
Colombo Stock Exchange

South Africa:
Johannesburg (JSE)

Taiwan:
Taiwan Stock Exchange (TWE)

Thailand:
Stock Exchange of Thailand

USA:
NYSE Amex LLC
New York Stock Exchange LLC
NASDAQ OMX PHLX, Inc.
Chicago Board Options Exchange, Inc.
Chicago Stock Exchange, Inc.
NASDAQ OMX BX, Inc.
National Stock Exchange, Inc.
International Securities Exchange (ISE)
The Nasdaq Stock Market LLC

III. Organised Markets outside the member states of the EU and outside the contracting sates of the Agreement on the European Economic Area

Canada:
Over the Counter Market

Japan:
Over the Counter Market

Korea:
Over the Counter Market

Switzerland:
BX Berne eX-change
USA:
Over the Counter Market (under supervision by FINRA or SEC)

Over the Counter Market of the Members of the International Capital Market Association (ICMA), Zurich