

## **Mitteilung an alle Anteilseigner der Franklin Templeton Fonds:**

Anbei finden Sie die Information der Gesellschaft, folgende Wertpapiere sind betroffen:

**GB00B3NQ7J33 Franklin Templeton II FTF ClearBridge US Equity Income - X  
GBP DIS**

Details können Sie der beigefügten Anlage entnehmen.

9 May 2022

**Franklin Templeton Funds II**  
**Changes affecting FTF ClearBridge US Equity Income Fund**  
**and FTF Brandywine Global Income Optimiser Fund (the "Funds")**

Dear Investor,

We would like to inform you about important changes to the Funds. No action is required from your side. Please read the letter carefully and contact us, using the contact details below, if you are uncertain about its content.

**Change one – affecting both of the Funds**

**What are we planning to do**

Franklin Templeton Fund Management Limited ("we", "us"), the authorised corporate director of Franklin Templeton Funds II, is making changes to the Funds so that all fees and expenses relating to the Funds are taken from the capital of the Funds, rather than from a mixture of capital and income, as is the current practice.

**Why are we making these changes**

Each of the Funds has an investment objective which either prioritises an income return, or reflects a strong focus on income in the context of a return made up of a combination of income and capital growth. At present, only certain of the fees and expenses of the Funds are charged to the Funds' capital. This means that some of the fees and expenses of the Funds are charged to the Funds' income return, thereby reducing the income return which can be passed on to investors and making it more difficult for investors to assess whether the Funds are delivering on the income element of their investment objective.

We have conducted a review of the Funds' charging approach against other similar funds in our range, and against the Funds' peers. Many of the Funds' peers, and other income funds within our group, solely deduct fees and expenses to capital. This means that it is easier to assess a fund's income return, as the income is not reduced by fees and expenses.

We consider that it will benefit investors in the Funds to charge fees and expenses to capital and not income, in line with other peers in the market. This means that investors will benefit from receiving (or accumulating, as appropriate) all of the income accruing to the Funds, without deduction.

**When are the changes expected to take place**

The changes will take effect from **11 July 2022**. The prospectus of Franklin Templeton Funds II and the Key Investor Information Documents for the Funds will be updated and made available from that date on our website: [www.franklintempleton.co.uk](http://www.franklintempleton.co.uk).

**How will these changes affect the Funds**

Importantly, these changes do not affect the amount of fees, charges, or expenses that are taken from your Funds, nor do they affect the way the Funds are managed.

As we noted above, the benefit of this change is that investors will receive, or accumulate, as appropriate, all income which accrues to the Funds, without deduction. Investors will also be able to more easily assess the Fund's achievement, or otherwise, of their income objectives.

One important factor that investors should note is that deducting costs and expenses to capital, rather than income, can reduce or erode a Fund's capital value, or constrain capital growth. Please see the risk factor "Fees and expenses from capital" set out in the prospectus of Franklin Templeton Funds II, for further information.

**Change two – affecting FTF Brandywine Global Income Optimiser Fund only**

**What are we planning to do**

We are making a minor change to the investment policy of the FTF Brandywine Global Income Optimiser Fund. We will be inserting an additional sentence in the investment policy to clarify that, as part of its investment in bonds, the Fund may invest in bonds issued by the Chinese government, Chinese government-related or supranational organizations and Chinese corporations.

The current investment policy states that the Fund can invest in bonds issued by governments and corporations without any restrictions on geographical location of issuer or on industry. The Fund therefore already has the power to invest in Chinese bonds, but it has not historically done so. There is now an intention for the Fund to invest in Chinese bonds both through Bond Connect (a mutual market access scheme) and on the China Interbank Bond Market. Investment in Chinese bonds is not expected to be significant but will vary based on investment opportunities and market conditions, as is currently the case with other jurisdictions.

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**Further information on both of the changes**

If you have any queries regarding these changes, please speak to your financial adviser, email the Client Services team ([enquiries@franklintempleton.co.uk](mailto:enquiries@franklintempleton.co.uk)) or call us on 0800 305 306 or +44 20 7073 8690 if you are outside the UK. Telephone lines are open Monday to Friday from 8.30am to 5.30pm. You can also write to us at the address above.

Yours sincerely,



Martyn Gilbey, UK Country Head



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