

31 October 2024

Dear Shareholder

**Notice to investors in FTF Martin Currie Japan Equity Fund, FTF Royce US Smaller  
Companies Fund, FTF Templeton Global Emerging Markets Fund, FTF Templeton Global  
Leaders Fund and FTF Templeton Global Total Return Bond Fund  
Changes to the Investment Policy language**

In this letter, when we say ‘we’ or ‘us’ we mean Franklin Templeton Fund Management Limited, the company that is responsible for managing and operating your investment in the funds.

**What do I need to do?**

You do not need to take any action. If you need any additional support to help you understand this letter or any further information (including on any of our other communications), please contact our Client Service team and they will do their best to help you. You can do this by:

- email to [enquiries@franklintempleton.co.uk](mailto:enquiries@franklintempleton.co.uk); or
- telephone on UK freephone 0800 305 306, or +44 20 7904 1843 if you are outside the UK (telephone calls may be recorded); or
- writing to us, at: Franklin Templeton, PO Box 24064, Edinburgh, EH3 1EX.

If you would like to speak to our team on the telephone, lines are open Monday to Friday from 8.30am to 5.30pm on any UK business day.

Our website [www.franklintempleton.co.uk](http://www.franklintempleton.co.uk) is also a great resource and contains more information about Franklin Templeton and the range of funds it offers in the UK.

We cannot give you investment advice so if you need specific support about what action you should take to manage your investments, please talk to an authorised financial adviser.

**When will the changes take place?**

All of the changes will take place with effect from 2 December 2024 (the “Effective Date”).

*(continued)*

## What is happening?

In November 2023, the FCA (who are the regulator for all the funds in the Franklin Templeton Funds range), published its Policy Statement (PS23/16) on Sustainable Disclosure Requirements and investment labels (known as “SDR”), setting out new rules which apply to funds which are domiciled in the UK. The SDR regulations, set to be introduced on 2 December 2024, aim to make it easier for investors in the UK to select sustainable investment funds. They include rules on “anti-greenwashing”, a new sustainable labelling regime, fund naming and marketing rules and disclosure requirements at both fund and fund manager level.

The SDR sustainability labels aim to differentiate between i) sustainable labelled funds that qualify as sustainable funds, ii) non-labelled funds that have sustainable characteristics and disclose these in their documents and marketing materials, and iii) non-labelled funds with no sustainability characteristics.

As a result of these new rules, we are updating the investment policies of certain funds in the Franklin Templeton Funds range. The updates cover three types of changes, details of which can be found below.

## What is the effect of the changes?

The changes do not impact how these funds are managed and are intended only to clarify how the existing investment processes for the funds are described in the prospectus for Franklin Templeton Funds. The changes will not result in any additional costs or charges to you and will not change the current risk profile of any of these funds.

## What are the changes?

Change type	Further information	Funds affected
1. Changes to the ESG (environment, social and governance) factors wording.	In the case of those funds in the Franklin Templeton Funds range that fall in to the category of non-labelled with no sustainability characteristics, we have been reviewing this wording to see where we can be clearer that ESG factors are only taken into account by the investment manager’ (the company who oversees and makes decisions about what the fund invests in) to the extent that they may impact the financial return of the investments of the fund.	<p>The following funds require updates:</p> <ul style="list-style-type: none"> <li>• FTF Martin Currie Japan Equity Fund*</li> <li>• FTF Royce US Smaller Companies Fund</li> <li>• FTF Templeton Global Emerging Markets Fund</li> <li>• FTF Templeton Global Leaders Fund</li> <li>• FTF Templeton Global Total Return Bond Fund</li> </ul> <p>* Please note that from 17 December 2024, the name and investment manager of</p>

		this fund will change, as will the wording on how investments are selected. For further details for investors in this fund, please refer to the mailing sent on 16 October 2024.
2. Changes to the investment strategy wording to simplify the language.	In the following language “identify companies that show more potential to deliver sustainable growth” we have removed the term “sustainable”.	<p>All funds in the Franklin Templeton Funds range have been reviewed and only the following funds require the update:</p> <ul style="list-style-type: none"> <li>• FTF Templeton Global Emerging Markets Fund</li> <li>• FTF Templeton Global Leaders Fund</li> </ul>
3. Changes to the investment strategy wording to make the definition of “established leaders” clearer.	We have made it clearer that all investments that FTF Templeton Global Leaders Fund makes are assessed against ESG factors to the extent that they may impact the financial return of the investments of the fund.	The only fund that requires this update is FTF Templeton Global Leaders Fund.

A comparison of the current and new wording reflecting the changes detailed above can be found in Appendix 1 below.

### **Where can I find the new documents for these funds?**

On the Effective Date, you will be able to access the refreshed prospectus for Franklin Templeton Funds on our website at [www.franklintempleton.co.uk](http://www.franklintempleton.co.uk) in the “Resources and Literature” – “Fund Documents” tab. You can filter the documents which are shown by typing “FTF” into the “Filter by Keyword” tab. You will also be able to access the updated Key Investor Information Documents (“KIIDs”). As a reminder, this is a two-page regulatory disclosure which sets out core information about each fund, how it is managed, its fees and charges, and past performance. The KIIDs for each fund are also available in the “Resources and Literature” – “Fund Documents” on the fund’s page at the above link.

*(continued)*

We would also like to remind you that we have several documents available to you, in addition to the prospectus and KIIDs, which may help you assess your investment choices. We recommend that you regularly check our website and review your investments and the options open to you, to make sure that you are happy with your existing investment choices.

Please feel free to contact our Client Service team if you have any questions about the changes. Their information is set out on the front page of this letter.

Yours faithfully,



Andrew Ashton  
CEO  
Franklin Templeton Fund Management Limited

*(continued)*

## Appendix 1

### Updated Investment Policy Wording

The wording on how investments are selected as of the Effective Date will be updated as follows (note that the new text is shown in bold and old text is shown as struck through):

FTF MARTIN CURRIE JAPAN EQUITY FUND	
Existing Wording	New Wording
<p><i>ESG (environmental, social, and governance) factors</i></p> <p>In selecting investments, the Investment Manager also assesses ESG factors that could impact the ability of an issuer to generate future sustainable growth. These may include:</p> <ul style="list-style-type: none"> <li>• Environmental factors, such as a company's environmental practices, greenhouse gas emissions, energy efficiency initiatives and climate risk.</li> <li>• Social factors such as a company's approach to community relations, occupational health and safety, reliability and pricing of services and gender diversity.</li> <li>• Governance factors such as the governance structure of the company, management incentives, corporate governance risk, data security and the Fund's alignment with management, board and other shareholders of the company.</li> </ul> <p>The ESG assessment is quantitative and qualitative, using the Investment Manager's proprietary ESG rating system and its direct research and engagement process. The proprietary ESG assessment captures forward looking analysis. Investments are assigned a risk rating based on the Investment Manager's assessment of ESG factors. Investments are assigned a score of 1 to 5 in respect of each of governance and sustainability (meaning environmental and social factors), with 5 denoting high risk. The Investment Manager's assessment of a company's ESG characteristics may impact the Investment</p>	<p><i>ESG (environmental, social, and governance) factors</i></p> <p>In selecting investments, the Investment Manager also assesses <b>investee companies against a range of investment factors, including ESG factors to the extent that they represent opportunities or risks that may impact the value of the investment.</b> <del>that could impact the ability of an issuer to generate future sustainable growth. These may include:</del></p> <ul style="list-style-type: none"> <li><del>• Environmental factors, such as a company's environmental practices, greenhouse gas emissions, energy efficiency initiatives and climate risk.</del></li> <li><del>• Social factors such as a company's approach to community relations, occupational health and safety, reliability and pricing of services and gender diversity.</del></li> <li><del>• Governance factors such as the governance structure of the company, management incentives, corporate governance risk, data security and the Fund's alignment with management, board and other shareholders of the company.</del></li> </ul> <p>The ESG assessment is quantitative and qualitative, using the Investment Manager's proprietary ESG rating system and its direct research and engagement process. <del>The proprietary ESG assessment captures forward looking analysis. Investments are assigned a risk rating based on the Investment Manager's assessment of ESG factors. Investments are assigned a score of 1 to 5 in respect of each of governance and sustainability (meaning</del></p>

<p>Manager's view of that company's financial valuation and attractiveness.</p>	<p><del>environmental and social factors), with 5 denoting high risk. The Investment Manager's assessment of a company's ESG characteristics may impact the Investment Manager's view of that company's financial valuation and attractiveness.</del></p> <p><b>Sustainability-related risks and opportunities are only taken into account by the Investment Manager to the extent that the Investment Manager believes such factors may impact the financial returns of the portfolio and no assurance is given that any investments made will result in positive sustainability-related impacts or minimise negative impacts. No claim is made that the Fund has any sustainability-related objective, other than the consideration of sustainability risks which may have an impact on the financial value of the investment, alongside a range of other risks, in seeking to achieve the financial objective.</b></p>
FTF ROYCE US SMALLER COMPANIES FUND	
Existing Wording	New Wording
<p><i>ESG (environmental, social, and governance) factors</i></p> <p>In selecting investments, the Investment Manager also assesses material ESG factors. The Investment Manager defines material ESG factors as those that it believes may impact a company's cash flows, balance sheet, reputation, and/or enterprise value. This assessment enables the Investment Manager to determine whether a company's ESG profile poses a material risk or creates an opportunity for investment for the Fund. These material ESG factors may include:</p> <ul style="list-style-type: none"> <li>• Environmental factors, including a company's, pollution / hazardous waste policies, water usage and climate change policies;</li> <li>• Social factors, including a company's approaches to labour relations, supply chain, and data protection; and</li> </ul>	<p><i>ESG (environmental, social, and governance) factors</i></p> <p>In selecting investments, the Investment Manager also assesses <b>investee companies against a range of investment factors, including</b> material ESG factors <b>to the extent that they represent opportunities or risks that may impact the value of the investment.</b> The Investment Manager defines material ESG factors as those that it believes may impact a company's cash flows, balance sheet, reputation, and/or enterprise value. This assessment enables the Investment Manager to determine whether a company's ESG profile poses a material risk or creates an opportunity for investment for the Fund. <del>These material ESG factors may include:</del></p> <ul style="list-style-type: none"> <li>• <del>Environmental factors, including a company's, pollution / hazardous waste</del></li> </ul>

- Governance factors, including a company's approach to shareholder rights, accounting standards, remuneration, and board structure.

The Investment Manager's assessment of a company's ESG characteristics may impact its view of that company's financial valuation, risk profile, and attractiveness. Where the Investment Manager identifies areas that do not meet its expectations on adequately managing material ESG issues, the Investment Manager will engage with companies to encourage improvement. The Investment Manager's evaluation of ESG risks is only one component of its assessment of potential investments for the Fund and, as with its consideration or other factors and risks, may not be a determining factor in any decision to purchase, sell, or hold an investment for the Fund. In addition, in evaluating material ESG factors for the Fund, the analysis given to such ESG factors will vary across different types of investments, sectors, industries, regions, and company size and maturity.

policies, water usage and climate change policies;

- Social factors, including a company's approaches to labour relations, supply chain, and data protection; and

- Governance factors, including a company's approach to shareholder rights, accounting standards, remuneration, and board structure.

The Investment Manager's assessment of a company's ESG characteristics may impact its view of that company's financial valuation, risk profile, and attractiveness. Where the Investment Manager identifies areas that do not meet its expectations on adequately managing material ESG issues, the Investment Manager will engage with companies to encourage improvement. The Investment Manager's evaluation of ESG risks is only one component of its assessment of potential investments for the Fund and, as with its consideration or other factors and risks, may not be a determining factor in any decision to purchase, sell, or hold an investment for the Fund. In addition, in evaluating material ESG factors for the Fund, the analysis given to such ESG factors will vary across different types of investments, sectors, industries, regions, and company size and maturity.

**Sustainability-related risks and opportunities are only taken into account by the Investment Manager to the extent that the Investment Manager believes such factors may impact the financial returns of the portfolio and no assurance is given that any investments made will result in positive sustainability-related impacts or minimise negative impacts. No claim is made that the Fund has any sustainability-related objective, other than the consideration of sustainability risks which may have an impact on the financial value of the investment,**



	<b>alongside a range of other risks, in seeking to achieve the financial objective.</b>
FTF TEMPLETON GLOBAL TOTAL RETURN BOND FUND	
Existing Wording	New Wording
<p><i>ESG (environmental, social, and governance) factors</i></p> <p>As part of the overall research process for government debt issuers, the Investment Managers assess ESG factors using a proprietary rating methodology which incorporates ratings from third party providers alongside the Investment Manager's own views. Assessment includes consideration of forward-looking analysis to determine where conditions are anticipated to improve or deteriorate over the medium term. ESG factors include the following (which may change over time):</p> <ul style="list-style-type: none"> <li>• Environmental factors, such as resource insecurity, extreme weather risk and unsustainable practices;</li> <li>• Social factors such as social cohesion &amp; stability, infrastructure, health security, labour, human capital, and demographics.</li> <li>• Governance factors such as business climate, institutional strength, corruption &amp; transparency, policy mix and reform mindedness and effectiveness.</li> </ul> <p>These ESG factors are used to inform the Investment Manager's wider assessment of the investment worthiness of a particular government issuer. The Investment Managers typically give preference to investments with either a higher ESG rating or ESG ratings which are projected to be neutral or improving, although a low ESG rating will not automatically result in exclusion from the portfolio, if the Investment Manager considers the investment to be sufficiently attractive,</p> <p>For corporate issuers, the Investment Manager does not always assess ESG factors. When the Investment manager does look at ESG factors, they use ESG ratings</p>	<p><i>ESG (environmental, social, and governance) factors</i></p> <p>As part of the overall research process for government debt issuers, the Investment Managers <b>assesses a range of investment factors, including</b> ESG factors using a proprietary rating methodology which incorporates ratings from third party providers alongside the Investment Manager's own views. <del>Assessment includes consideration of forward-looking analysis to determine where conditions are anticipated to improve or deteriorate over the medium term. ESG factors include the following (which may change over time):</del></p> <ul style="list-style-type: none"> <li><del>• Environmental factors, such as resource insecurity, extreme weather risk and unsustainable practices;</del></li> <li><del>• Social factors such as social cohesion &amp; stability, infrastructure, health security, labour, human capital, and demographics.</del></li> <li><del>• Governance factors such as business climate, institutional strength, corruption &amp; transparency, policy mix and reform mindedness and effectiveness.</del></li> </ul> <p>These ESG factors are used, <b>alongside a number of others</b>, to inform the Investment Manager's wider assessment of the investment worthiness of a particular government issuer <b>and opportunities or risks that may impact the value of the investment. While</b> <del>The Investment Managers typically give preference to investments with either a higher ESG rating or ESG ratings which are projected to be neutral or improving</del> <b>may add weight to an investment being assessed as being financially attractive,</b> <del>although a low ESG rating will not automatically result in exclusion from the portfolio, if the Investment Manager considers</del></p>



<p>sourced from third party providers (such as MSC) to inform their assessment of the investment worthiness of the issuer.</p> <p>The Fund does not automatically exclude any particular investment from the portfolio based solely on its ESG assessment (where undertaken). Whilst an ESG assessment will always be performed on bonds issued by governments, bonds issued by corporates will not always be assessed.</p>	<p><b>other factors mean</b> the investment <del>to be</del> <b>is</b> sufficiently <b>financially</b> attractive.;</p> <p>For corporate issuers, the Investment Manager does not always <b>include an assessment of</b> ESG factors <b>when considering the investment worthiness of the issuer and financial attractiveness of the investment</b>. <del>When the Investment manager does look at ESG factors, they use ESG ratings sourced from third party providers (such as MSC) to inform their assessment of the investment worthiness of the issuer.</del></p> <p>The Fund does not automatically exclude any particular investment from the portfolio based solely on its ESG assessment (<del>where undertaken</del>). Whilst an ESG assessment will always be performed on bonds issued by governments, bonds issued by corporates will not always be assessed.</p> <p><b>Sustainability-related risks and opportunities are only taken into account by the Investment Manager to the extent that the Investment Manager believes such factors may impact the financial returns of the portfolio and no assurance is given that any investments made will result in positive sustainability-related impacts or minimise negative impacts. No claim is made that the Fund has any sustainability-related objective, other than the consideration of sustainability risks which may have an impact on the financial value of the investment, alongside a range of other risks, in seeking to achieve the financial objective.</b></p>
FTF TEMPLETON GLOBAL LEADERS FUND	
Existing Wording	New Wording
<i>How we select investments (investment strategy)</i>	<i>How we select investments (investment strategy)</i>

<p>This Fund is actively managed, which means that the Investment Managers do not copy a benchmark when selecting investments for the Fund.</p> <p>“Established leaders” are companies with dominant market positions, strong competitive advantages, high quality management, solid balance sheets, and positive returns on capital in growing industries that show potential to deliver sustainable growth over the long term (5 years) than their market price would suggest. This includes how growth may be affected by environmental, social or governance risks and opportunities. Companies which are “emerging leaders” are in earlier stages of growth that the team believe will become established leaders over time. No more than 30% of the Fund’s total value will typically be invested in shares of companies that the Investment Managers consider to be emerging leaders.</p> <p>Typically, the number of holdings in the Fund will vary between 25-35 companies’ shares but the Fund may hold up to 50 companies’ shares. These holdings will typically be the shares of companies that have a market capitalisation of over \$10bn. However, the Fund may also invest in companies with market capitalisations of between \$1bn and \$10bn.</p> <p>The Fund’s portfolio may include some overlap with the MSCI All Country World (Net Dividends) Index but does not intend to replicate it and may vary considerably. It seeks to manage risk by avoiding any unintentional emphasis on a single company, industry or country.</p> <p><i>ESG (environmental, social and governance factors)</i></p> <p>In selecting investments, the Investment Manager also assesses ESG factors that</p>	<p>This Fund is actively managed, which means that the Investment Managers do not copy a benchmark when selecting investments for the Fund.</p> <p>“Established leaders” are companies with dominant market positions, strong competitive advantages, high quality management, solid balance sheets, and positive returns on capital in growing industries that show potential to deliver <del>sustainable</del> growth over the long term (5 years) than their market price would suggest. <del>This includes how growth may be affected by environmental, social or governance risks and opportunities.</del> Companies which are “emerging leaders” are in earlier stages of growth that the team believe will become established leaders over time. No more than 30% of the Fund’s total value will typically be invested in shares of companies that the Investment Managers consider to be emerging leaders.</p> <p>Typically, the number of holdings in the Fund will vary between 25-35 companies’ shares but the Fund may hold up to 50 companies’ shares. These holdings will typically be the shares of companies that have a market capitalisation of over \$10bn. However, the Fund may also invest in companies with market capitalisations of between \$1bn and \$10bn.</p> <p>The Fund’s portfolio may include some overlap with the MSCI All Country World (Net Dividends) Index but does not intend to replicate it and may vary considerably. It seeks to manage risk by avoiding any unintentional emphasis on a single company, industry or country.</p> <p><i>ESG (environmental, social and governance factors)</i></p> <p>In selecting investments, the Investment Manager also assesses <b>investee</b></p>
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<p>could impact the ability of an issuer to generate future sustainable returns. These may include:</p> <ul style="list-style-type: none"> <li>• Environmental factors, such as a company's environmental practices, greenhouse gas emissions, energy efficiency initiatives and climate risk.</li> <li>• Social factors such as a company's approach to community relations, occupational health and safety, reliability and pricing of services and gender diversity.</li> <li>• Governance factors such as the governance structure of the company, management incentives, corporate governance risk, data security and the Fund's alignment with management, board and other shareholders of the company.</li> </ul> <p>The ESG assessment is quantitative and qualitative, using the Investment Manager's proprietary ESG rating system and its direct research and engagement process. The proprietary ESG assessment captures forward looking analysis. Investments are assigned a risk rating based on the Investment Manager's assessment of ESG factors. Investments are assigned a score of 1 to 5 in respect of each of governance and sustainability (meaning environmental and social factors), with 5 denoting high risk.</p> <p>The Investment Manager's assessment of a company's ESG characteristics may impact the Investment Manager's view of that company's financial valuation and attractiveness. Where the Investment Manager identifies areas that do not meet expectations of best practice on material governance or sustainability issues, the Investment Manager will engage with companies to encourage improvement.</p> <p>The Fund will not invest in companies which produce controversial weapons (i.e. antipersonnel mines, biological and chemical weaponry and cluster munitions).</p>	<p><b>companies against a range of investment factors, including ESG factors to the extent that they represent opportunities or risks that may impact the value of the investment.</b> <del>that could impact the ability of an issuer to generate future sustainable returns. These may include:</del></p> <ul style="list-style-type: none"> <li><del>• Environmental factors, such as a company's environmental practices, greenhouse gas emissions, energy efficiency initiatives and climate risk.</del></li> <li><del>• Social factors such as a company's approach to community relations, occupational health and safety, reliability and pricing of services and gender diversity.</del></li> <li><del>• Governance factors such as the governance structure of the company, management incentives, corporate governance risk, data security and the Fund's alignment with management, board and other shareholders of the company.</del></li> </ul> <p>The ESG assessment is quantitative and qualitative, using the Investment Manager's proprietary ESG rating system and its direct research and engagement process. The <del>proprietary ESG assessment captures forward looking analysis.</del> Investments are assigned a risk rating based on the Investment Manager's assessment of ESG factors. Investments are assigned a score of 1 to 5 in respect of each of governance and sustainability (meaning environmental and social factors), with 5 denoting high risk.</p> <p><del>The Investment Manager's assessment of a company's ESG characteristics may impact the Investment Manager's view of that company's financial valuation and attractiveness. Where the Investment Manager identifies areas that do not meet expectations of best practice on material governance or sustainability issues, the Investment Manager will engage with companies to encourage improvement.</del></p>
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	<p>The Fund will not invest in companies which produce controversial weapons (i.e. antipersonnel mines, biological and chemical weaponry and cluster munitions).</p> <p><b>Sustainability-related risks and opportunities are only taken into account by the Investment Manager to the extent that the Investment Manager believes such factors may impact the financial returns of the portfolio and no assurance is given that any investments made will result in positive sustainability-related impacts or minimise negative impacts. No claim is made that the Fund has any sustainability-related objective, other than the consideration of sustainability risks which may have an impact on the financial value of the investment, alongside a range of other risks, in seeking to achieve the financial objective.</b></p>
FTF TEMPLETON GLOBAL EMERGING MARKETS FUND	
Existing Wording	New Wording
<p><i>How we select investments (investment strategy)</i></p> <p>This Fund is actively managed, which means that the Investment Managers do not copy a benchmark when selecting investments for the Fund.</p> <p>The Investment Managers use research and experience to identify companies that show more potential to deliver sustainable growth over the long-term (5 years) than their market price would suggest. The Fund's portfolio may include some overlap with the Index but does not intend to replicate it and may vary considerably. The Fund may include shares and countries that are not included in the MSCI Emerging Markets (Net Dividends) Index.</p> <p>Typically, to help manage risk, the Investment Managers aim to keep exposure to any single company in a range of 5% more or less than</p>	<p><i>How we select investments (investment strategy)</i></p> <p>This Fund is actively managed, which means that the Investment Managers do not copy a benchmark when selecting investments for the Fund.</p> <p>The Investment Managers use research and experience to identify companies that show more potential to deliver sustainable growth over the long-term (5 years) than their market price would suggest. The Fund's portfolio may include some overlap with the Index but does not intend to replicate it and may vary considerably. The Fund may include shares and countries that are not included in the MSCI Emerging Markets (Net Dividends) Index.</p> <p>Typically, to help manage risk, the Investment Managers aim to keep exposure to any single company in a range of 5% more or less than</p>

the Index and industry and country exposure in a range of 10% more or less than the MSCI Emerging Markets (Net Dividends) Index.

*ESG (environmental, social, and governance) factors*

The Investment Managers assess ESG factors that could impact the ability of an issuer to generate future sustainable returns. Examples of these ESG factors could include:

- Environmental factors, which can include issues such as resource efficiency, carbon emissions management, waste prevention and recycling and pollution prevention and control.
- Social factors, which can include issues such as labour standards, fair wages, diversity and gender balance, health and safety practices and product safety;
- Governance considerations, which can include issues such as appropriate accounting practices, alignment of interests, board effectiveness, capital allocation, shareholder rights and quality of disclosures.

These ESG factors are used to inform the Investment Managers' assessment of the wider attractiveness of each potential investment. The Investment Manager also uses the results of these assessments to inform its strategy for engagement with companies included in the portfolio where applicable. The Investment Managers track and monitor investments against ESG criteria and in some cases will engage actively with issuers to seek improvements in ESG factors, both directly in discussions with management and via the exercise of shareholder voting rights.

the Index and industry and country exposure in a range of 10% more or less than the MSCI Emerging Markets (Net Dividends) Index.

*ESG (environmental, social, and governance) factors*

The Investment Managers assess **investee companies against a range of investment factors, including ESG factors to the extent that they represent opportunities or risks** that could impact the ability of an issuer to generate future sustainable returns, **although the Investment Managers may not always include an assessment of ESG factors when considering the financial attractiveness of an investment.** Examples of these ESG factors could include:

- Environmental factors, which can include issues such as resource efficiency, carbon emissions management, waste prevention and recycling and pollution prevention and control.
- Social factors, which can include issues such as labour standards, fair wages, diversity and gender balance, health and safety practices and product safety;
- Governance considerations, which can include issues such as appropriate accounting practices, alignment of interests, board effectiveness, capital allocation, shareholder rights and quality of disclosures.

These ESG factors **are can be** used to inform the Investment Managers' assessment of the wider attractiveness of each potential investments. The Investment Managers **may** also uses the results of these assessments to inform its strategy for engagement with companies included in the portfolio where applicable. ~~The Investment Managers track and monitor investments against ESG criteria and in some cases will engage actively with issuers to seek improvements in ESG factors, both directly in discussions with management and via the exercise of shareholder voting rights.~~

	<p><b>Sustainability-related risks and opportunities are only taken into account by the Investment Managers to the extent that the Investment Managers believe such factors may impact the financial returns of the portfolio and no assurance is given that any investments made will result in positive sustainability-related impacts or minimise negative impacts. No claim is made that the Fund has any sustainability-related objective, other than the consideration of sustainability risks which may have an impact on the financial value of the investment, alongside a range of other risks, in seeking to achieve the financial objective.</b></p>
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**Appendix 2****Impacted Share Classes**

<b>Fund</b>	<b>Share Class</b>	<b>ISIN</b>
FTF Martin Currie Japan Equity Fund	W Accumulation Share Class	GB00BNBS8650
FTF Martin Currie Japan Equity Fund	W H2 Accumulation Share Class	GB00BNBS8767
FTF Royce US Smaller Companies Fund	W Accumulation Share Class	GB00BP9LKJ73
FTF Royce US Smaller Companies Fund	W H2 Accumulation Share Class	GB00BP9LKK88
FTF Templeton Global Return Bond Fund	W Accumulation Share Class	GB00BBM4VB49
FTF Templeton Global Return Bond Fund	W H3 Accumulation Share Class	GB00BKT0HX25
FTF Templeton Global Return Bond Fund	W Income Share Class	GB00BBM4VD62
FTF Templeton Global Return Bond Fund	W H3 Income Share Class	GB00B617LX19
FTF Templeton Global Leaders Fund	W Accumulation Share Class	GB00B7K6LK38
FTF Templeton Global Emerging Markets Fund	W Accumulation Share Class	GB00B7MZ0J00
FTF Templeton Global Emerging Markets Fund	S Accumulation Share Class	GB00BMDXQH80