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2026-10-09

# Franklin Templeton Opportunities Funds

**PROSPECTUS**

**SOCIÉTÉ D'INVESTISSEMENT**

**À CAPITAL VARIABLE**

**INCORPORATED IN LUXEMBOURG**

**OCTOBER 2026**

**Franklin Templeton Opportunities Funds**
*Société d'investissement à capital variable*
Registered office: 8A, rue Albert Borschette, L-1246 Luxembourg
Grand Duchy of Luxembourg
R.C.S. Luxembourg B212724

**OFFER**

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

1. Franklin U.S. Managed Income 2028 Fund
2. Franklin Cat Bond UCITS Fund
3. Franklin Athena Uncorrelated Strategies UCITS Fund

## FRANKLIN TEMPLETON OPPORTUNITIES FUNDS – IMPORTANT INFORMATION

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

### The Company

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

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

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

The Company has obtained or will obtain recognition for marketing its Shares in some European countries (in addition to the Grand Duchy of Luxembourg). The registration of the Shares of the Company in these jurisdictions does not require any authority to approve or disapprove the adequacy or accuracy of this Prospectus or the securities portfolios held by the Company. Any statement to the contrary is unauthorised and unlawful.

Facilities to investors according to Art.92(1) b) to e) of the Directive 2009/65/EC (as amended by Directive (EU) 2019/1160) are available at https://www.eifs.lu/franklintempleton for certain EEA countries.

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

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

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

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

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

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

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

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

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

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

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

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

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

If an Investor invests in the Company through an intermediary investing in the Company in his own name but on behalf of the Investor, (i) it may not always be possible for the Investor to exercise certain Shareholder rights directly against the Company and (ii) Investors' rights to indemnification in the event of errors/non-compliance within the meaning of CSSF Circular 24/856 may be impacted. The Management Company, acting as principal distributor of the Company (the "Principal Distributor"), will also organise and oversee the marketing and distribution of the Shares. The Principal Distributor may engage sub-distributors, intermediaries, brokers and/or professional investors (who may be affiliates of Franklin Templeton and who may receive part of the maintenance charges, servicing charges or other similar fees).

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

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

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

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

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

**Board of Directors' Powers**

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

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

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

If the total value of the Shares of any Fund is at any time below USD 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: 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.

**Applicable to an Offer or Sale of Units of a Foreign Fund in or from the Dubai International Financial Centre**

This Prospectus relates to Funds which are not subject to any form of regulation or approval by the Dubai Financial Services Authority ("DFSA") and is not directed to "retail clients" as defined by the DFSA (except for public distribution of funds through intermediaries in accordance with applicable laws). The DFSA has no responsibility for reviewing or verifying this Prospectus or other documents in connection with the Funds. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it. The offering of the Shares may be subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Shares and should consult an authorised financial advisers if they do not understand the contents of this Prospectus.

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**DEFINITIONS**

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| **"Accumulation Share"** | a Share which accumulates the 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, to whom the Management Company has delegated some of the administrative agency services in relation to the Company |
| **"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 |
| **"Board of Directors"** | the board of directors of the Company |
| **"Broker/Dealer"** | financial intermediary or advisor |
| **"Business Day"** | a day on which the banks in the relevant jurisdiction(s) are normally open for business |
| **"CDR (EU) 2020/1818"** | Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks, as amended from time to time |
| **"Commitment Approach"** | an approach for measuring risk or "Global Exposure" that factors in the market risk of the investments held in a UCITS sub-fund, including risk associated with any financial derivatives instruments held by converting the financial derivatives into equivalent positions in the underlying assets of those derivatives (sometimes referred to as "notional exposure"), after netting and hedging arrangements where the market value of underlying security positions may be offset by other commitments related to the same underlying positions. Global Exposure using the Commitment Approach is expressed as an absolute percentage of total net assets. Under Luxembourg Law, Global Exposure related solely to financial derivatives may not exceed 100% of total net assets, and Global Exposure overall (including market risk associated with the sub-funds' underlying investments, which by definition make up 100% of total net assets) may not exceed 200% of total net assets (excluding the 10% that a UCITS may borrow on a temporary basis for short-term liquidity) |
| **"Company"** | Franklin Templeton Opportunities Funds |
| **"Contingent Deferred Sales Charge" or "CDSC"** | a fee imposed when shares are sold, typically during the first few years of ownership |
| **"Contract Note"** | see sub-section "Contract Note" under section Investor General Information |
| **"Correspondent Bank"** | a bank that, in its own country, handles the business on behalf of a bank located in another country |
| **"Covered Bonds"** | Covered bonds are debt obligations issued by credit institutions and secured by a ring-fenced pool of assets (the "cover pool" or "cover assets") which bondholders have direct recourse to as preferred creditors. Bondholders remain at the same time entitled to a claim against the issuing entity or an affiliated entity of the issuer as ordinary creditors for any residual amounts not fully settled with the liquidation of the cover assets, giving them effectively a double claim or "dual recourse" |
| **"CPF"** | Central Provident Fund |
| **"CPF Board"** | Central Provident Fund Board, a statutory body incorporated in Singapore and constituted under the Central Provident Fund Act |

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| **"CPF Investor"** | a purchaser of Shares in the Company using his CPF savings, subject to such terms and conditions set out in the Singapore prospectus and terms and conditions as may be imposed by the CPF Board from time to time |
| **"CSSF"** | *Commission de Surveillance du Secteur Financier* – The regulatory and supervisory authority of the Company in Luxembourg |
| **"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, except for Franklin Cat Bond UCITS Fund for which the Dealing Day will be the Valuation Day falling on the second and on the fourth Friday (or the next Business Day) of each month and on the last Business Day of the month. Dealing Day restrictions in any jurisdiction may be obtained upon request |
| **"Depositary"** | J.P. Morgan SE, Luxembourg Branch, a Luxembourg-based bank, has been appointed by the Company as the Company's depositary bank |
| **"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 investment income |
| **"Eligible State"** | includes any member state of the EU, any member of the OECD, and any other state which the Board of Directors deems appropriate |
| **"ESMA's Fund Naming Guidelines"** | European Securities and Markets Authority's guidelines on funds' names using ESG or sustainability-related terms (ESMA34-1592494965-657) |
| **"EU"** | European Union |
| **"EUR" or "Euro"** | refers to the official currency of the Eurozone, which is also the reference currency of the Company |
| **"exclusions for the EU Paris-aligned Benchmarks"** | the following exclusions for the EU Paris-aligned Benchmarks as outlined in the CDR (EU) 2020/1818, as amended from time to time:<br>a) companies involved in any activities related to controversial weapons;<br>(b) companies involved in the cultivation and production of tobacco;<br>(c) companies that benchmark administrators find in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;<br>(d) companies that derive 1% or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite;<br>(e) companies that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels;<br>(f) companies that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels;<br>(g) companies that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO2 e/kWh. |

For the purposes of point (a), controversial weapons shall mean controversial weapons as referred to in "Franklin Templeton Controversial Weapons Policy – European Funds" document which is available at https://franklintempletonprod.widen.net/content/fx6l5gcmav/pdf/controversial-weapons-policy.pdf

Green bonds issued under the European Green Bonds Regulation (Regulation (EU) 2023/2631) are exempt from the above-listed exclusions. For investments in bonds whose use-of-proceeds is limited to green, social or other sustainable activities, the above-listed exclusions will be applied solely to the economic activities financed by these instruments (not the issuer as a whole), except that exclusion (c) shall apply at the level of the issuer. For all other investments, the exclusions shall apply at the level of the issuer.

**"Expected Level of Leverage"** Funds which measure Global Exposure using a Value-at-Risk (VaR) approach disclose their Expected Level of Leverage. The Expected Level of Leverage is not a regulatory limit and should be used for indicative purposes only. The level of leverage in the Fund may be higher or lower than this expected level at any time as long as the Fund remains in line with its risk profile and complies with its relative VaR limit. The annual report will provide the actual level of leverage over the past period and additional explanations on this figure. The leverage is a measure of the aggregate derivative usage and therefore does not take into account other physical assets directly held in the portfolio of the relevant Funds. The Expected Level of Leverage is measured as the Sum of Notionals (see definition for Sum of Notionals)

**"FATCA"** Foreign Account Tax Compliance Act

**"FFI"** a Foreign Financial Institution as defined in FATCA

**"Fixed Income Fund"** a Fixed Income Fund's assets are mainly or solely invested in or exposed to debt securities (including, but not limited to, bonds) which pay a fixed or variable rate of interest and which may be issued by companies, national or local governments and/or international organisations which are supported by several governments (such as the World Bank). Fixed Income Funds may invest globally or focus on a geographic region or country and may invest in bonds issued by different types of issuer or focus on just one (such as governments)

**"Franklin Templeton"** FTI and its subsidiaries and affiliates worldwide

**"FTI"** Franklin Templeton 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

**"Global Exposure"** refers to a measure of the risk exposure for a UCITS sub-fund that factors in the market risk exposure of underlying investments, as well as the incremental market risk exposure and implied leverage associated with financial derivative instruments if and where held in the portfolio. Under Luxembourg regulation, UCITS are required to measure such risk exposure using either a "Commitment Approach" or a "Value-at-Risk (VaR) Approach" – see separate definitions for these terms

**"Green bond"** a debt instrument whose proceeds will be used for partial or full financing or pre-financing of new and / or existing projects that have a beneficial impact on the environment

**"Holding"** shares held in a single Share Class within the Investor Portfolio

**"Institutional Investor"** as defined from time to time by the guidelines or recommendations of the competent Luxembourg financial supervisory authority within the meaning of article 174 of the Law of 17 December 2010. Please refer to "Share Classes" section for the list of qualifying Institutional Investors

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| **"Investment Fund(s)"** | a UCITS or other UCI in which the Funds may invest, as determined in the investment restrictions described in Appendix B |
| **"Investment Manager(s)"** | the companies appointed by the Management Company and which provide 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 key information document as defined in 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 ("PRIIPs"). For the avoidance of any doubt and where relevant, the references to KID in this Prospectus shall be understood as references to Key Investor Information Document ("KIID") within the meaning of article 159 of the Law of 17 December 2010 |
| **"Law of 17 December 2010"** | Luxembourg Law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time |
| **"Mainly"** | please refer to the "primarily" definition below |
| **"Management Company"** | Franklin Templeton International Services S.à r.l. or, where relevant, the members of the Management Company's board of managers |
| **"Money Market Fund Regulation" or "MMFR"** | the Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds, as it may be amended or supplemented from time to time |
| **"Money Market Fund"** | any Fund qualifying as money market fund under the Money Market Fund Regulation |
| **"Multi-Asset Fund"** | a Multi-Asset Fund typically invests in multiple types of assets, including but not limited to equities, debt securities, cash, real estate, commodities, etc. The proportion of a Multi-Asset Fund invested in each type of asset (the asset allocation) may be fixed for some Funds and flexible for others. Where the asset allocation is flexible, the Investment Manager will make adjustments to the amount invested in each type of asset depending on its view of their future prospects |
| **"Net Asset Value per Share" or "NAV"** | the value per Share of any Class of Share determined in accordance with the relevant provisions described under the heading "Determination of Net Asset Value of Shares" as set out in Appendix D |
| **"OECD"** | Organisation for Economic Cooperation and Development |
| **"Primarily", "principally" or "mainly"** | when a Fund investment policy states that investments will be made "primarily", "principally" or "mainly" in a particular type of security or in a particular country, region or industry, it generally means that at least two-thirds of this Fund's net assets (without taking into account ancillary liquid assets) shall be invested into such security, country, region or industry |

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| **"Principal Distributor"** | the Management Company acting as principal distributor of the Company |
| **"Prospectus"** | this prospectus |
| **"Purchase"** | when the Prospectus states "purchase" or "how to purchase shares", it generally refers to a subscription of Shares |
| **"Registrar and Transfer Agent"** | Virtus Partners Fund Services Luxembourg S.àr.l, to whom the Management Company has delegated the registrar and transfer agency services in relation to the Company |
| **"Regulated Market"** | a market within the meaning of point 21) of Article 4 of the Directive 2014/65/EC of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments or another regulated market, which operates regularly and is recognised and open to the public in an Eligible State |
| **"REIT"** | An entity that is dedicated to owning, and in most cases, managing, real estate. This may include, but is not limited to, real estate in the residential (apartments), commercial (shopping centres, offices) and industrial (factories, warehouses) sectors. Certain REITs may also engage in real estate financing transactions and other real estate development activities. The legal structure of a REIT, its investment restrictions and the regulatory and taxation regimes to which it is subject will differ depending on the jurisdiction in which it is established. Investment in REITs will be allowed if they qualify as transferable securities. A closed-ended REIT, the units of which are listed on a regulated market is classified as a transferable security listed on a regulated market thereby qualifying as an eligible investment for a UCITS under the Luxembourg law |
| **"RMB"** | the official currency of Mainland China – to be read as a reference to onshore Renminbi (CNY) and/or offshore Renminbi (CNH) as the context requires |
| **"repurchase agreements"** | forward transactions at the maturity of which the Company (seller) has the obligation to repurchase the assets sold and the counterparty (buyer) the obligation to return the assets purchased under the transactions |
| **"reverse repurchase agreements"** | forward transactions at the maturity of which the counterparty (seller) has the obligation to repurchase the asset sold and the Company (buyer) the obligation to return the assets purchased under the transactions |
| **"securities lending"** | a transaction whereby securities are transferred on a temporary basis from a lender to a borrower with the latter obliged to return the securities either on demand or at the end of a specific period. |
| **"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 |
| **"SICAV"** | *Société d'Investissement à Capital Variable* |
| **"Share"** | a Share of any Share Class in the capital of the Company |
| **"Share Class"** | a class of Shares with a specific fee structure, currency of denomination or other specific feature |
| **"Shareholder"** | a holder of Shares in the Company |
| **"Sum of Notionals"** | a measure of the level of leverage as calculated by taking the sum of notionals of all financial derivative contracts entered into by the Fund expressed as a percentage of the Fund's Net Asset Value. The Global Exposure to the underlying investments (i.e. the 100% of Global Exposure represented by actual net assets) is not included in the calculation, only the incremental Global Exposure from the financial derivative |

contracts being taken into account for the purpose of calculation of the Sum of Notionals.

This methodology does not:

- make a distinction between financial derivative instruments that are used for investment or hedging purposes. As a result, strategies that aim to reduce risk will contribute to an increased level of leverage for the Fund;

- allow the netting of derivative positions. As a result, derivative roll-overs and strategies relying on a combination of long and short positions may contribute to a large increase of the level of leverage when they do not increase or only cause a moderate increase of the overall Fund risk;

- take into account the derivative underlying assets' volatility or make a distinction between short-dated & long-dated assets;

- consider the delta for option contracts, so there is no adjustment for the likelihood that any option contract will be exercised. As a result, a Fund that has out of the money option contracts that are not likely to be exercised will appear to have the same leverage as a Fund with comparable figures for sum of notionals where the option contracts are in the money and are likely to be exercised, even though the potential leveraging effect of out of the money options tends to increase as the price of the underlying asset approaches the strike price, then tends to dissipate as the price of the underlying rises further and the contract goes deep into the money

**"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" or "other UCI"** Undertaking for Collective Investment within the meaning of Article 1, paragraph (2), point a) and b) of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended

**"UCITS"** Undertaking for Collective Investment in Transferable Securities authorised according to the UCITS Directive

**"UCITS Directive"** means Directive 2009/65/EC on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as amended by Directive 2014/91/EU

**"USA" or "US"** United States of America

**"USD"** refers to the United States Dollar

**"Valuation Day"** 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

**"Value-at-Risk (VaR) approach"** an approach for measuring risk or "Global Exposure" based on Value-at-Risk or VaR, which is a measure of the maximum potential loss that can arise at a given confidence level over a specific time period under normal market conditions. VaR may be expressed in absolute terms as a currency amount specific to a portfolio, or as a percentage when the currency amount is divided by total net assets. VaR may also be expressed in relative terms, where the VaR of the Fund (expressed in percentage terms) is divided by the VaR of its relevant benchmark (also expressed in percentage terms), generating a ratio known as relative VaR. Under Luxembourg Law absolute VaR limits are currently 20% of total net assets and relative VaR limits are currently twice or 200% of the benchmark VaR

**All references herein to time are to Central European time (CET) unless otherwise indicated.**

**Words implying the singular shall, where the context permits, include the plural and vice versa.**

## ADMINISTRATIVE INFORMATION

### BOARD OF DIRECTORS OF THE COMPANY

**CHAIRMAN:**

**A. Craig Blair**
Manager, Conducting Officer, Country Head Luxembourg
FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.À R.L.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

**DIRECTORS:**

**William Jackson**
Non-Executive Director
2 St Clair Terrace
Edinburgh EH10 5NW
United Kingdom

**Katarzyna Majchrzak**
Business and Operations Director
FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.À R.L.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

### MANAGEMENT COMPANY

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

### BOARD OF MANAGERS OF THE MANAGEMENT COMPANY

A. Craig Blair
Manager

Brian Matthew Eakes
Manager

William Jackson
Non-Executive Manager

Jane Trust
Manager

Alastair Edward Charles Woodward
Independent Manager

### INVESTMENT MANAGERS

**FRANKLIN ADVISERS INC**.
One Franklin Parkway
San Mateo, CA 94403-1906
United States of America

### ADMINISTRATIVE AGENT

J.P. MORGAN SE, LUXEMBOURG BRANCH
European Bank & Business Centre
6C, route de Trèves
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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

**PRINCIPAL DISTRIBUTOR**

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

**DEPOSITARY**

J.P. MORGAN SE, LUXEMBOURG BRANCH
European Bank & Business Centre
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Grand Duchy of Luxembourg

**AUDITOR**

PRICEWATERHOUSECOOPERS ASSURANCE, *société coopérative*
2, rue Gerhard Mercator
L-2182 Luxembourg
Grand Duchy of Luxembourg

**LEGAL ADVISER**

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

**LOCAL PAYING AGENTS**

**in France:**
CACEIS Bank
89-91, rue Gabriel Péri
92120 Montrouge
France

**in Greece:**
Eurobank Ergasias S.A.
8 Othonos Street
105 57 Athens
Greece

Optima Bank S.A.
32 Aigialeias Street and Paradissou
151 25 Maroussi
Greece

National Bank of Greece S.A.
86 Eolou Street
105 59 Athens
Greece

Piraeus Bank S.A.
4, Amerikis Street
105 64 Athens
Greece

Alpha Bank S.A
40 Stadiou str,
102 52 Athens
Greece

Eurobank S.A.
8 Othonos Street
10557 Athens
Greece

**in Cyprus:**
Eurobank Cyprus Ltd
Banking Institution
41, Arch. Makarios III Avenue
P.C. 1065 Nicosia
Cyprus

Alpha Bank Cyprus Ltd
Chilonos & Gladstonos Corner
Stylianou Lena Square
1101 Nicosia
Cyprus

**in Italy:**
Allfunds Bank SA
Via Bocchetto, 6
20123 Milano
Italy

Banca Sella Holding S.p.A.
Piazza Gaudenzio Sella 1
13900 Biella
Italy

BNP Paribas Securities Services S.A., Milan Branch
Piazza Lina Bo Bardi no. 3
20124 Milano
Italy

**in Switzerland:**
BNP Paribas, Paris, Zurich Branch
Selnaustrasse 16
8002 Zurich
Switzerland

**FACILITIES AGENT:**

**in the United Kingdom:**
FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED
Cannon Place, 78 Cannon Street
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United Kingdom

**REGISTRAR AND TRANSFER AGENT**

**Contact Details:**

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## FUND INFORMATION, OBJECTIVES AND INVESTMENT POLICIES

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

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

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

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

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

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

Unless otherwise provided in the investment policy of a specific Fund, each Fund may hold ancillary liquid assets (i.e. bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets in response to adverse market, economic, political, or other conditions, or to meet liquidity, redemption, and short-term investing needs. On a temporary basis and if justified by exceptionally unfavourable market conditions, each Fund may, in order to take measures to mitigate risks relative to such exceptional market conditions in the best interests of its shareholders, hold ancillary liquid assets up to 100% of its net assets.

Unless otherwise provided in the investment policy of a specific Fund, any Fund may also, in order to achieve its investment goals and for treasury purposes, invest in bank deposits, money market instruments or money market funds pursuant to the applicable investment restrictions. For defensive purposes, the Fund may invest up to 100% of its net assets in these instruments on a temporary basis.

Where the Fund uses total return swaps, the underlying consists of instruments in which the Fund may invest according to its Investment Objective and Investment Policy. In particular, total return swaps may be used to gain long and short exposure on equity and equity related securities, fixed and floating rate securities and commodity indices.

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

### Sustainable Investing

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, as further described in the "Risk Considerations" section, 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 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's 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.

The Taxonomy Regulation is limited in its application on an initial basis to only two of the six environmental objectives – climate change mitigation and climate change adaptation, as defined under the Taxonomy Regulation.

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.

More specific information on the implementation of SFDR and on the ESG methodology of each Fund subject to Article 8 or Article 9 of the SFDR can be found under respective "SFDR Disclosure" for the Fund on the website www.franklintempleton.lu/our-funds/investment-topics-in-focus/sustainable-finance-disclosure-regulations.

Unless specifically stated for a given Fund under Appendix G, for each Fund subject to Article 8 or Article 9 of the SFDR, the Management Company is integrating consideration of relevant principal adverse impacts ("PAIs") on ESG factors into Fund's investment decision process. For avoidance of doubts, PAIs are not applied to all the Funds, as collecting, and verifying PAIs data involves a material cost which indirectly impact the end investors and investee companies required to produce them. The Management Company does not consider such costs to be justifiable and in best interests of the investors. Additional information on the consideration of PAIs can be found in the document "SFDR entity level statement on i) integration of sustainability risks and ii) non-consideration of PAIs" which is available under "Policies and Regulatory Documents" on the website https://www.franklintempleton.lu/about-us/sustainable-investing.

## FRANKLIN U.S. MANAGED INCOME 2028 FUND

**Asset Class**
Balanced Fund

**Base Currency**
Euro (EUR)

**Valuation Day**
A day on which the retail banks in UK (London) 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 investment objective is to maximise income, while maintaining prospects for capital appreciation, targeting a yearly dividend of 2.5% (net of fees). The Fund aims to achieve its objective with an annualised volatility ranging, under normal market conditions (as measured by trailing 1-year standard deviation), of approximately 6.5%, with a maximum of 8.5%. Under certain market conditions volatility may temporarily be higher than 8.5%. There is no guarantee that the Fund will achieve its dividend target, nor that it will remain within the aimed-for volatility range.

**Fund Characteristic**
The Fund will pursue its investment objective and policy for a period of six (6) years, as more fully described below. Following the "Asset Gathering Period", the Fund will be closed to further subscriptions until maturity, in 2028 ("Maturity") unless the Management Company decides to re-open a second Asset Gathering Period prior to the Maturity. Before the Fund's Maturity, the Investment Managers will write to investors setting out the options available to them which may include, but are not limited to, the liquidation of the Fund, a switch or merger into Shares of other Funds or other UCITS of the Franklin Templeton group or a change of the investment objective and policy.

**Investment Policy**
The Fund invests in a diversified portfolio of debt and equity securities, primarily in the US. The Fund may shift its investments from one asset class to another based on the Investment Manager's analysis of the best opportunities in a given market or sector taking into account both bottom-up fundamental security analysis and top-down considerations such as interest rates, inflation, commodity prices, credit cycle and other macro-economic factors.

The Fund seeks income by investing in a combination of corporate, agency and government bonds, common stocks with attractive dividend yields, as well as structured notes linked to individual securities or indexes. The Fund may invest up to 10% of its assets in non-US securities.

The Fund may have up to 45% net long exposure directly or indirectly to equities and equity-related securities. The remaining net assets are normally invested directly or indirectly in debt securities. The value of non-Euro denominated debt securities will be hedged back to the base currency of the Fund.

Equity securities generally entitle the holder to participate in a company's general operating results. In its search for growth opportunities, the Fund invests in common stocks of companies from a variety of industries, but from time to time, based on economic conditions, the Fund may have significant investments in particular sectors. Equity securities also include preferred stocks, closed-ended REITs, equity-linked notes, equity securities resulting from the conversion of debt securities, as well as American Depositary Receipts.
Debt securities represent an obligation of the issuer to repay a loan of money, and generally provide for the payment of interest. These include long and short-term, fixed and floating rate debt securities, secured and unsecured bonds, mortgage and other asset-backed securities (limited to 10% of the Fund's net assets), private placement securities, bonds convertible into common stock, notes and debentures.

The Fund may invest in lower rated or non-investment grade bonds, and may passively obtain (through downgrade of held assets) defaulted debt or distressed debt securities. The Fund may invest up to 25% of its assets in securities that are rated below investment grade, inclusive of holding of distressed debt and defaulted debt securities up to 5% of the Fund' net assets. The Fund may also invest up to 5% of its net assets in convertible or contingent convertible debt securities. Generally, lower rated securities offer higher yields than more highly rated securities to compensate investors for the higher risk. Further information is contained in the section "Risk Considerations".

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

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

The Fund may use financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments could include but are not limited to swaps (such as credit default swaps inflation-linked swaps and interest rate swaps), forwards, including currency forward, futures contracts as well as options. In this context, the Fund may seek long or short exposures to, *inter alia*, commodities, financial indices and other eligible instruments through the use of financial derivative instruments, cash-settled or other structured products (including participatory notes, credit-linked and inflation/index linked securities) that derive their value from an index, security or currency.

The Fund may also invest in commercial paper and up to 10% of its net assets in units of UCITS and other UCIs (including ETFs). The Investment Manager may take a temporary defensive position when it believes the markets or the economy are experiencing excessive

volatility, a prolonged general decline or when other adverse conditions may exist. Under these circumstances, the Fund may be unable to pursue its investment objective.

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

**Fund investment phases**
The Fund will feature three distinct phases as described below:

- *Asset Gathering Period:*

Asset Gathering Period: The initial Asset Gathering Period of the Fund shall start on a date decided by the Management Company and shall end after a period of up to two months. After the initial Asset Gathering Period, the Fund will be closed to further subscriptions until Maturity. However, the Management Company may decide (i) to extend the initial Asset Gathering Period by up to six (6) months in accordance with prevailing market conditions, in which case Shareholders will be notified in writing, and/or (ii) decide on a case-by-case basis to accept subscription requests from Investors who have provided a firm commitment to invest in the Fund prior to the end of the Asset Gathering Period but whose instruction to invest could not be received due to legitimate constraints, and/or (iii) accept subsequent subscriptions or switches in from investors which have already been accepted in the Fund.

Unless it is detrimental to the interests of the Fund and its Shareholders, the Management Company may decide at the request of Investors to re-open the Fund to a second Asset Gathering Period, in which case Shareholders will be notified in writing of the terms.

The minimum "subscription gathered" amount for the Fund shall be EUR 100 million. In the event that the aggregate amount of subscriptions prior to the end of the initial Asset Gathering Period (as it may be extended) does not reach this minimum amount, the Management Company may decide not to launch the Fund, in which case the subscriptions gathered will be returned free of charge to the Shareholders. This minimum may be waived at the Directors' discretion.

- *Principal Investment Period:*

The Fund will be launched following the initial Asset Gathering Period and will pursue its principal investment objective for a period of six (6) years following the end of the initial Asset Gathering Period ("Principal Investment Period"), as described above. The Fund will be actively managed to maintain its investment objective, including its targeted credit quality.

- *Post-Investment Period:*

Once the Fund has reached its Maturity (in 2028), it shall hold up to 100% of its net assets in ancillary liquid assets, bank deposits, money market instruments and money market funds.

Before the Fund's Maturity, the Investment Managers will write to investors setting out the options available to them which may include, but are not limited to, the liquidation of the Fund, a switch or merger into Shares of other Funds or other UCITS of the Franklin Templeton group or a change of the investment objective and policy.

**Investor Profile**
Considering the investment objectives, as stated above, the Fund may appeal to Investors looking to:
- high level of income and prospects of some capital appreciation by accessing a portfolio of both equity and fixed income securities, issued primarily in the US, via a single fund;
- keep their investment in the Fund until Maturity.

**Risk Considerations**
Principal risks to the Fund's investment strategy:
- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Foreign Currency risk
- Market risk

Other risks that may be relevant to the Fund:
- Class Hedging risk
- Convertible and Hybrid Securities risk
- Dividend Policy risk
- Distressed Securities risk
- Liquidity risk
- Swap Agreements risk

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

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

**Investment Manager(s)**
Franklin Templeton International Services S.à r.l. and Franklin Advisers, Inc.

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

## FRANKLIN CAT BOND UCITS FUND

**Asset Class**
Fixed Income Fund

**Base Currency**
US dollar (USD)

**Valuation Day**
A day on which the New York Stock Exchange is 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 investment objective is to seek to generate attractive risk-adjusted returns over time with limited correlation to other asset classes through investment in a portfolio of natural catastrophe bonds. The Investment Managers seek to achieve the Fund's investment objective through systematic, proprietary rules-based processes. Return is sought from a managed composition of the portfolio based on a set of rules that narrows the universe of catastrophe bonds through a screening and scoring process.

**Investment Policy**
Catastrophe bonds are an example of insurance securitization in which risk-linked securities transfer a specific set of risks (generally catastrophe and natural disaster risks such as hurricanes, earthquakes, tornadoes, windstorms or other natural or weather-related events) from an issuer or sponsor to investors. In this way, investors in risk-linked securities (e.g., the Fund) take on the risks of a specified catastrophe in exchange for rates of return on investment. Should a qualifying catastrophe or event occur, the investors will lose the principal invested and the issuer or sponsor (often an insurance or reinsurance company) will retain that principal to cover its losses.

One of the key elements of any catastrophe bonds is the terms under which the return of principal and interest is impacted by the occurrence of a natural catastrophe event, resulting in the bond experiencing a loss. Such terms are generally referred to as "triggers". Catastrophe bonds utilize triggers with defined parameters which have to be met for the bond to start bearing losses. When the specific conditions of a trigger are met, a catastrophe bond investor may lose all or a portion of its investment. Triggers can be structured in many ways, from sliding scale of actual losses experienced by the issuer or sponsor (indemnity) to a trigger which is activated when industry-wide losses from an event hit a certain point (industry loss trigger) to an index of weather or disaster conditions which means actual catastrophe conditions above certain severity trigger a loss (parametric index trigger).

A catastrophe bond can be structured to provide per-occurrence coverage (exposure to a single major loss event) or to provide aggregate coverage (exposure to multiple events over the course of each annual risk period).

Some catastrophe bonds are subject to a multiple loss approach and so are only triggered (or portions of the bonds are triggered) by second and subsequent events. This means that sponsors can, for example, issue a bond that will only be triggered by a second landfalling hurricane to hit a certain geographical location.

Appropriate diversification of insurance risks (i.e., the insurance risk of the Fund may not exceed 20% of its Net Asset Value per geographic peril, except for the possibility to have one insurance risk of maximum 35% of its Net Asset Value for one specific geographic peril) will be ensured through the monitoring of the expected loss contribution and the probable maximum loss which are well-established measures in the reinsurance industry.

The expected loss is the annual probability-weighted average of the reduction in the Fund's portfolio value due to the occurrence of insurance events. Hereby the probable maximum loss represents the reduction in Fund's portfolio value as the 99% Value-at-Risk (VaR) of the maximum annual loss from the occurrence of a single insurance event.

Since the Investment Managers consider that Environmental, Social and Governance (ESG) factors can have a material impact on a company's current and future corporate value, ESG considerations are an integral component of their fundamental investment research and decision process. The Fund's environmental and/or social characteristics (within the meaning of Article 8 of SFDR) promoted are detailed in Appendix G.

The Investment Managers have developed a rules-based approach which is designed to provide a sufficient diversification among the sponsors of the target catastrophe bonds (i.e., the exposure of the Fund may not exceed 20% of its Net Asset Value per sponsor, except for the possibility to have one exposure of maximum 35% of its Net Asset Value for one specific sponsor) and exposure to the whole catastrophe bond universe. This universe has grown over the years and is expected to continue to do so going forward. The universe primary geographic area is US related risks across a variety of peril types with a focus on hurricane and earthquake exposures.

The rules-based process utilized by the Investment Managers will include an initial screening phase where certain catastrophe bonds are excluded based on a set of criteria including yield, maturity, ESG and structural considerations. Each bond that remains comprises the investable universe ("Fund's Investable Universe") and will be scored based on multiple factors, which are based, among other things, terms or characteristics of the securities and date, or calculations derived from data, obtained from third-party data, pricing and risk modeling sources. The process may be adaptive over time to possibly include structural changes that occur within the catastrophe bond market.

Each bond within the Fund's Investable Universe will receive a total score that is determined as the sum of the weighted scores of each factor for that bond. The weights are determined through a qualitative process that assesses the relative strength of each factor. Catastrophe bonds that score within the top ranking will be included in the investable portfolio with the portfolio weights determined by the relative scoring of each remaining bond.

While the Investment Managers will implement a rules-based approach, the Investment Managers will periodically review the implementation of their investment strategy and may change the various screens, factors and rules used to implement their investment strategy and to ensure a sufficient diversification among sponsors of catastrophe bonds. To effectively manage cash and the procedures to purchase and sell securities, the underlying portfolio weights may vary from the target portfolio weights during each rebalancing period subject to market limitation.

The mutual catastrophe bonds which the Fund may invest into may be fixed or floating rate above or below investment grade and may include, but are not limited to: (i) government securities; (ii) securities issued or guaranteed by supranational organisations (such as The World Bank); (iii) securities issued or guaranteed by quasi government entities; (iv) corporate insurance-linked securities. For the avoidance of doubt, the securities listed above shall not embed financial derivative instruments and/or leverage.

The Fund may use financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments include but are not limited to exchange-based derivatives including futures, options which may be used to gain exposure to or to reduce insurance related risks.

The Fund may invest directly up to 10% of its net assets in units of UCI such as UCITS, Exchange Traded Funds ("ETF") as well as other UCIs. The Fund may also invest in closed-end funds that are listed on a recognized market and offer exposure to insurance or reinsurance risk as permitted by UCITS regulations.

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

- to invest in a Fund compliant with Article 8 of the SFDR
- attractive risk-adjusted returns over time by investing in a portfolio of natural catastrophe bonds
- invest for the medium to long term

In addition, the Fund is intended to be offered only to Investors who adequately understand the risks triggered by the Fund's strategy and/or have already investment experience in that respect and have a risk tolerance high enough to absorb potential losses invested following the occurrence of extreme insurance disasters.

**Risk Considerations**
Principal risks to the Fund's investment strategy:

- Catastrophe Bonds risk
- Credit risk
- Debt Securities risk
- Liquidity risk
- Market risk
- Model risk
- Sustainability risk

Other risks that may be relevant to the Fund:

- Class Hedging risk
- Counterparty risk
- Derivative Instruments risk
- Foreign Currency risk
- Hedged Strategies risk
- Securitisation risk

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

**Investment Manager(s)**
Franklin Advisers, Inc.

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

## FRANKLIN ATHENA UNCORRELATED STRATEGIES UCITS FUND

**Asset Class**
Multi-Asset Fund

**Base Currency**
US dollar (USD)

**Valuation Day**
A day on which the New York Stock Exchange is 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 investment objective of the Fund is to seek to achieve long-term capital appreciation with lower volatility relative to the broader equity markets and substantially less correlation to traditional asset classes over a full market cycle.

The Fund seeks to achieve its investment objective by pursuing various uncorrelated strategies, which for these purposes the Investment Managers consider to be systematic strategies that seek to profit from persistent behavioral and/or structural anomalies or other factors and

which are developed by the Investment Managers and/or their affiliates or which are sourced from third-party broker-dealers.

**Investment Policy**
Although the Investment Managers also expect to execute discretionary trades on an ancillary basis, they intend to focus the Fund in systematic trading strategies, which trade financial instruments based on quantitative analysis of price and fundamental data. The Fund may trade the financial markets on a global basis focusing on markets that are expected to provide sufficient liquidity.

Uncorrelated investing seeks to access investable systematic strategies that have low correlation to traditional beta investments. The strategy seeks to access investable systematic strategies that have low correlation to traditional beta investments. These uncorrelated strategies are designed to be liquid, transparent and cost-effective and potentially offer an alternative source of return to complement a traditional asset class range.

The Investment Managers have developed proprietary investment processes that are designed to identify sources of uncorrelated through the use of internally constructed algorithms and algorithms developed by third parties. The investment processes will consider securities based on a set of criteria, including liquidity, volatility, drawdown, correlation, and other risk considerations. The Investment Managers will seek to leverage their relationships with broker-dealers to obtain optimal execution for securities selected for the Fund's portfolio. The Investment Managers' processes include research, design, testing, negotiation and execution of investment strategies. The Investment Managers' research objectives are to identify, define and analyze differentiated sources of returns, their persistence, and the liquidity constraints related to such sources of returns. Subsequently, the Investment Managers construct solutions, which seek to isolate such sources efficiently and cost-effectively to harvest the premia embedded in such sources. The Investment Managers intend to construct a portfolio of uncorrelated strategies seeking diversification across sources of premia, styles, instruments and asset classes.

Examples of uncorrelated strategies which may be pursued by the Fund include, but are not limited to:

- *Trend*. Trend strategies favor investments that have outperformed in the past over those that have underperformed, seeking to capture the tendency that an asset's recent relative performance will continue in the near future. Investment opportunities may be identified, for example, by analyzing simple price momentum or assessing forward-looking information included in the forecasts of industry analysts.
- *Carry*. An asset's "carry" is its expected return assuming market conditions, including its price, remain unchanged. Carry strategies favor investments with higher yields, seeking to capture the tendency for higher-yielding assets to provide higher returns than lower-yielding assets.

- *Value*. Value strategies favor investments that appear cheap over those that appear expensive based on fundamental or technical measures. They seek to capture the tendency for relatively cheap assets to outperform relatively expensive assets through the mean reversion of such assets to fair value.

- *Defensive.* Defensive strategies favor investments with low-risk characteristics, seeking to capture the tendency for lower risk and higher-quality assets to generate higher risk-adjusted returns than higher risk and lower-quality assets. Measures used to identify investment opportunities may include, for example, return on equity, earnings variability, cash return on assets and leverage.

- *Flow.* Flow strategies attempt to take advantage of structural inefficiencies permeating multiple asset classes. These frequently depend on observed tendencies of multiple market participants to allocate to a set of instruments on a preset basis.

- *Commodities.* Commodities strategies attempt to take advantage of structural inefficiencies permeating within commodities. These frequently depend on observed tendencies of multiple market participants to allocate to a set of instruments on a preset basis. The strategy also looks toward employing a carry strategy that favors investments with higher yields, seeking to capture the tendency for higher-yielding assets to provide higher returns than lower-yielding assets within commodities

Strategies pursued by the Fund will predominantly utilise total return swaps and futures to harvest premium from the markets. Specifically, total return swaps will be referencing individual indexes as underliers. Such indexes may represent investment strategies, whose underliers can be single stocks, FX forwards, futures and other instruments.

The Fund intends to get exposure to a wide range of transferable securities, financial derivative instruments as well as other eligible securities and currencies. Such securities may include, but are not limited to, equity, fixed income and FX by investing in a broad range of financial instruments, including, but not limited to, equity and equity-related securities (which may include common stocks, preferred stocks, participatory notes, equity related certificates and convertible securities of companies located anywhere in the world and of mid- to large-capitalization size) and debt securities (which may include all varieties of fixed and floating-rate income securities (traditional fixed income securities and green bonds) of any maturity or quality of sovereign issuers worldwide). Exposure to such securities may be achieved directly or through the use of financial derivative instruments on eligible financial indices, futures, forwards, options, swaps, foreign exchange, exchange-traded funds ("ETFs"), bonds, stocks and other listed and over-the-counter ("OTC") instruments.

**The Investment Managers may decide to invest all of the Fund's net assets in debt obligations issued or guaranteed by any EU Member State, its local authorities, or public international bodies of which one or more EU Member States are members, by any other State of the OECD, by Singapore or any member state of the G20, in accordance with the applicable risk diversification requirements contained in Appendix B "Investment Restrictions**.

The Fund uses financial derivative instruments (either dealt on Regulated Markets or OTC) for hedging, efficient portfolio management and investment purposes. These financial derivative instruments may include, inter alia, (i) forwards and futures contracts, including those based on equity, equity index, equity ETFs, fixed income securities, interest rate and currency and options thereon; and (ii) swaps, including currency, index, interest rate, total return swaps on equity, fixed income and currency (and/or related indices) as well as credit default swaps, contract for difference swap and options thereon. The underlying assets and investment strategies of the total return swaps into which the Fund may invest consist of instruments in which the Fund may invest according to its investment objective and investment policy. In particular, total return swaps may be used to gain long and short exposure on equity, equity related securities, rates, forwards and credit related securities. The Fund may also seek to gain indirect exposure to commodities through the use of structured notes (i.e. exchange traded certificates) or swaps and/or total return swaps and futures contracts on commodity indices that provide liquid and diversified exposure to commodities (including

energy, metals, agricultural products - livestock and grown products). Use of financial derivative instruments may result in negative exposure in a specific asset class, yield curve/duration or currency.

**Exposure to total return swaps**
The expected level of exposure that could be subject to total return swaps (unfunded) amounts to 450% of the Fund's net assets, subject to a maximum of 1100%.

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

- long-term capital appreciation by investing in a wide range of eligible securities and financial derivative instruments benefiting from various uncorrelated strategies; and
- invest for the medium to long term.

**Risk Considerations**
Principal risks to the Fund's investment strategy:

- Counterparty risk
- Credit risk
- Debt Securities risk
- Derivative Instruments risk
- Liquidity risk
- Market risk
- Model risk

Other risks that may be relevant to the Fund:
- Commodities-Related Exposure risk
- Credit-Linked Securities risk
- Emerging Markets risk
- Foreign Currency risk
- Substantial leverage risk
- Swap Agreements risk

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

The Expected Level of Leverage should amount to 450%. The Expected Level of Leverage is an estimate only and may be subject to higher leverage levels. The leverage calculation method used is the Sum of Notionals. It includes the notional exposure associated with financial derivative instruments but does not include the underlying investments of the Fund which make up 100% of total net assets.

The level of leverage may be higher when entering into a strategy requiring higher leverage due to the nature of targeted assets (i.e., short term instruments). Higher leverage may not entail higher risk exposure.

**Investment Manager(s)**
Franklin Advisers, Inc.

**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.

**Asset Allocation risk**
Some Funds apply an actively managed asset allocation approach. Such Funds could experience losses if the Investment Managers' judgment about markets, future volatility, interest rates, industries, sectors and regions or the attractiveness, relative values, liquidity, effectiveness or potential appreciation of particular investments made for a Fund's portfolio prove to be incorrect. The Investment Managers' allocation of a Fund's assets among different asset classes, underlying funds and direct investments may not prove beneficial in light of subsequent market events. There can be no guarantee that these techniques or the Investment Managers' investment decisions will produce the desired results. Additionally, legislative, regulatory, or tax developments may affect the investment techniques available to the Investment Managers in connection with managing the Fund and may also adversely affect the ability of the Fund to achieve its investment goals.

The Investment Managers may use modelling systems to implement their investment strategies for a Fund. There is no assurance that the modelling systems are complete or accurate, or representative of future market cycles, nor will they necessarily be beneficial to the Fund even if they are accurate. The results generated by these models may perform differently than in the past, or as expected. They may negatively affect Fund performance and the ability of a Fund to meet its investment goal for various reasons. For example, human judgment plays a role in building, using, testing, and modifying the financial algorithms and formulas used in these models. Additionally, there is a possibility that the historical data may be imprecise or become stale due to new events or changing circumstances which the models may not promptly detect. Market performance can be affected by non-quantitative factors (for example, market or trading system dysfunctions, investor fear or over-reaction or other emotional considerations) that are not easily integrated into the Investment 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).

**Catastrophe Bonds risk**
Insurance linked securities such catastrophe bonds may incur severe or full losses as a result of insurance events. Catastrophe bonds are an example of insurance linked securities in which a specific set of risks (generally catastrophe and natural disaster risks such as hurricanes, earthquakes, tornadoes, floods, windstorms or other insurance contracts related events) is transferred from an issuer or sponsor to investors. Catastrophe bonds generally exhibit risk and return characteristics that are uncorrelated to those of general financial markets.

The incidence and severity of such catastrophes are inherently unpredictable, and the relevant Fund’s losses from such catastrophes could be material. Any climatic or other event which might result in an increase in the likelihood and/or severity of such events (for example, global warming leading to more frequent and violent hurricanes) could have a material adverse effect on the relevant Fund. Although such a Fund’s exposure to such events will be diversified in accordance with its investment policies, a single catastrophic event could affect multiple geographic zones and lines of business or the frequency or severity of catastrophic events could exceed expectations, either of which could have a material adverse effect on the relevant Fund’s Net Asset Value.

Investors may lose all or a portion of their investment if a natural catastrophe or other insurance event triggers a payment under the underlying risk-transfer agreement that the insurance linked securities relate to.

**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.

Further, investors should be aware that the hedging strategy may act as a drag or boost to performance as a result of the Interest Rate Differential between the Hedged Share Class currency and the reference currency(ies). Where there is a positive Interest Rate Differential between the Hedged Share Class currency over the reference currency(ies) an increase in relative performance of the Hedged Share Class over the reference currency(ies) class may be observed. The opposite may be true and it should be noted that if the interest rate of the reference currency of the hedged share class is lower than the interest rate of the base currency of the Fund, the interest rate carry is likely to be negative and a decrease in relative performance of the Hedged Share Class may be observed.

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

**Commodities Related Exposure risk**
A Fund's exposure to investments in commodities related instruments presents unique risks. Investing in commodities related instruments, including trading in commodities indices and financial derivative instruments related to commodities, is speculative and can be extremely volatile. Market prices of commodities may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships (whether actual, perceived, anticipated, unanticipated or unrealised); weather; agriculture; trade; domestic and foreign political and economic events and policies; diseases; pestilence; technological developments; and monetary and other governmental policies, action and inaction. The current or "spot" prices of physical commodities may also affect, in a volatile and inconsistent manner, the prices of futures contracts in respect of the relevant commodity. Certain commodities are used primarily in one industry, and fluctuations in levels of activity in (or the availability of alternative resources to) one industry may have a disproportionate effect on global demand for a particular commodity. Moreover, recent growth in industrial production and gross domestic product has made some developing countries oversized users of commodities and has increased the extent to which certain commodities prices are influenced by those markets.

**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 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 Managers 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 fixed income securities as well as money market instruments, is the chance that an issuer will fail to make principal and interest payments when due. Issuers with higher credit risk typically offer higher yields for this added risk. Conversely, issuers with lower credit risk typically offer lower yields. Generally, government securities are considered to be the safest in terms of credit risk, while corporate debt, especially those with poorer credit ratings, have the highest credit risk. Changes in the financial condition of an issuer, changes in economic and political conditions in general, or changes in economic and political conditions specific to an issuer (particularly a sovereign or supranational issuer), are all factors that may have an adverse impact on an issuer's credit quality and security values. Related to credit risk is the risk of downgrade by a rating agency. Rating agencies such as Standard & Poor's, Moody's and Fitch, among others, provide ratings for a wide array of fixed income securities (corporate, sovereign, or supranational) which are based on their creditworthiness. The agencies may change their ratings from time to time due to financial, economic, political, or other factors, which, if the change represents a downgrade, can adversely impact the value of the affected securities.

**Credit-Linked Securities risk**
Credit-linked securities are debt securities that represent an interest in a pool of, or are otherwise collateralised by one or more corporate debt obligations or credit default swaps incorporating debt or bank loan obligations. Such debt obligations may represent the obligations of one or more corporate issuers. A Fund that invests in credit-linked securities has the right to receive periodic interest payments from the issuer of the credit-linked security (usually the seller of the underlying credit default swap(s)) at an agreed-upon interest rate, and a return of principal at the maturity date.

A Fund that invests in credit-linked securities bears the risk of loss of its principal investment, and the periodic interest payments expected to be received for the duration of its investment in the credit-linked security, in the event that one or more of the debt obligations underlying the credit default swaps go into default or otherwise become non-performing. Upon the occurrence of such a credit event (including bankruptcy, failure to timely pay interest or principal, or a restructuring), the Fund affected will generally reduce the principal balance of the related credit-linked security by the Fund's pro rata interest in the par amount of the defaulted underlying debt obligation in exchange for the actual value of the defaulted underlying obligation or the defaulted underlying obligation itself, resulting in a loss of a portion of the Fund's investment. Thereafter, interest on the credit-linked security will accrue on a smaller principal balance and a smaller principal balance will be returned at maturity. To the extent a credit-linked security represents an interest in underlying obligations of a single corporate or other issuer, a credit event with respect to such issuer presents greater risk of loss to a Fund than if the credit-linked security represented an interest in underlying obligations of multiple issuers.

In addition, the Fund bears the risk that the issuer of the credit-linked security will default or become bankrupt. In such an event, the Fund may have difficulty being repaid, or fail to be repaid, the principal amount of its investment and the remaining periodic interest payments thereon.

An investment in credit-linked securities also involves reliance on the counterparty to the credit default swap entered into with the issuer of the credit-linked security to make periodic payments to the issuer under the terms of the swap. Any delay or cessation in the making of such payments may be expected in certain instances to result in delays or reductions in payments to the Fund as an investor in such credit-linked securities. Additionally, credit-linked securities are typically structured as limited recourse obligations of the issuer of such securities such that the securities issued will usually be obligations solely of the issuer and will not be obligations or responsibilities of any other person.

Most credit-linked securities are structured as US Rule 144A securities so that they may be freely traded among institutional buyers. A Fund will generally only purchase credit-linked securities, which are determined to be liquid in the opinion of the Investment Managers. However, the market for credit-linked securities may suddenly become illiquid. The other parties to the transaction may be the only investors with sufficient understanding of the derivative to be interested in bidding for it. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for credit-linked securities. In certain cases, a market price for a credit-linked security may not be available or may not be reliable, and the Fund could experience difficulty in selling such security at a price the Investment Managers believe is fair.

The value of a credit-linked security will typically increase or decrease with any change in value of the underlying debt obligations, if any, held by the issuer and the credit default swap. Further, in cases where the credit-linked security is structured such that the payments to a Fund are based on amounts received in respect of, or the value of performance of, any underlying debt obligations specified in the terms of the relevant credit default swap, fluctuations in the value of such obligation may affect the value of the credit-linked security.

**Custody risk**
Assets of the Company (including for avoidance of any doubt assets that the Company acquires during repurchase and reverse repurchase transactions) are safe kept by the Depositary and Investors are exposed to the risk of the Depositary 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 Depositary. The assets of the Company will be identified in the Depositary's books as belonging to the Company. Securities and debt obligations (including loan assignments and loan participations) held by the Depositary will be segregated from other assets of the Depositary 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 Depositary 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 Depositary. 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, 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 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 Managers are not successful in using such derivative instruments, a Fund's performance may be worse than if the Investment Managers 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 Managers 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 Managers elect not to do so due to availability, cost or other factors.

Financial derivative instruments may be used for, among other purposes, synthetic short selling. According to the Law of 17 December 2010, the short selling of securities or any physical instrument is not permitted. In order to replicate short exposure either for investment purposes or to hedge a long position in the same or a similar asset, synthetic short selling can be accomplished through the use of derivatives. The purchase of credit default swaps (CDS), for example, for a particular issuer without owning a debt obligation of that issuer effectively results in the Fund having a short exposure to that issuer. The Fund may also purchase credit default swaps to hedge an existing position in the same issuer. Purchasing a put option on a stock, debt obligation, or a currency without owning the stock, debt obligation or currency is also effectively going short (and again such a transaction may be entered into for the purpose of hedging an existing position). The only investment at risk in such strategies is the premium paid for the CDS or option, unlike the case of going short actual stocks, bonds or currencies where the full investment in such assets is at risk. Another synthetic short selling strategy is the selling of interest rate futures which will benefit from a rise in interest rates, thereby replicating going short interest rates. Where premium is paid for such synthetic short selling strategies (e.g. for credit default swaps or put options), there is the possibility of losing the entire investment if no credit event occurs (in the case of credit default swaps) or the option expires worthless (because the underlying asset did not fall below the strike price). Where a futures contract is entered into (e.g. selling interest rate futures), the potential loss is governed by the degree to which interest rates move down instead of up, the conversion factor applied vis-à-vis the basket of eligible securities, the time to delivery, and the notional amount associated with the contract. Additional strategies similar to these may be implemented with similar consequences and potential risks. Risk is mitigated by virtue of daily adjustment of variation margin and/or the maintenance of eligible collateral against the position. There is no assurance that such synthetic short selling strategies as described herein will be as effective in achieving short exposure for investment or hedging purposes as actual short selling strategies.

Under recent financial reforms, certain types of derivatives (i.e., certain swaps) are, and others eventually are expected to be, required to be cleared through a central counterparty. Central clearing is designed to reduce counterparty credit risk and increase liquidity compared to OTC swaps, but it does not eliminate those risks completely. With cleared swaps, there is also a risk of loss by a Fund of its initial and variation margin deposits in the event of bankruptcy of the FCM with which the Fund has an open position in a swap contract. If an FCM does not provide accurate reporting, the Fund is also subject to the risk that the FCM could use the Fund's assets to satisfy its own financial obligations or the payment obligations of another customer to the central counterparty. With cleared swaps, a Fund may not be able to obtain as favorable terms as it would be able to negotiate for a bilateral, uncleared swap. In addition, an FCM may unilaterally amend the terms of its agreement with a Fund, which may include the imposition of position limits or additional margin requirements with respect to the Fund's investment in certain types of swaps. Central counterparties and FCMs generally can require termination of existing cleared swap transactions at any time, and can also require increases in margin above the margin that is required at the initiation of the swap agreement.

The regulation of cleared and uncleared swaps, as well as other derivatives, is a rapidly changing area of law and is subject to modification by government and judicial action. In addition, regulators and exchanges in many jurisdictions are authorised to take extraordinary actions in the event of a market emergency, including, for example, the implementation or reduction of speculative position limits, the implementation of higher margin requirements, the establishment of daily price limits and the suspension of trading. It is not possible to predict fully the effects of current or future regulation. New requirements, even if not directly applicable to a Fund, may increase the cost of a Fund's investments and cost of doing business, which could adversely affect investors.

The use of derivative strategies may also have a tax impact on a Fund. The timing and character of income, gains or losses from these strategies could impair the ability of the Investment Managers 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. A change in 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 the 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 basis points.

**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 distribution 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 government related entities in different nations and denominated in different currencies involve certain risks. These risks are typically increased in developing countries and Emerging Markets. Such risks, which can have adverse effects on portfolio holdings, may include: (i) investment and repatriation restrictions; (ii) currency fluctuations; (iii) the potential for unusual market volatility as compared to more industrialised nations; (iv) government involvement in the private sector; (v) limited investor information and less stringent investor disclosure requirements; (vi) shallow and substantially smaller liquid securities markets than in more industrialised countries, which means a Fund may at times be unable to sell certain securities at desirable prices; (vii) certain local tax law considerations; (viii) limited regulation of the securities markets; (ix) international and regional political and economic developments; (x) possible imposition of exchange controls or other local governmental laws or restrictions; (xi) the increased risk of adverse effects from deflation and inflation; (xii) the possibility of limited legal recourse for the Fund; and (xiii) the custodial and/or the settlement systems may not be fully developed.

Investors in Funds investing in Emerging Markets should in particular be informed that the liquidity of securities issued by corporations and public-law entities in Emerging Markets may be substantially smaller than with comparable securities in industrialised countries.

**Equity risk**
Investments in equity securities offer the potential for substantial capital appreciation. However, such investments also involve risks, including issuer, industry, market and general economic related risks. Although the Investment Manager (or relevant Sub-Investment Manager) will use diversification to reduce some of these risks, adverse developments or perceived adverse developments in one or more of these areas could cause a substantial decline up to a total loss of the value of equity securities owned by a Fund.

Additionally a Fund may invest in specific types of securities bearing additional price risks or liquidity risks, specific to their nature. Such securities may include but are not limited to: (i) Special Purpose Acquisition Companies (SPACs) which may have no existing business operations (ii) Private Investments in Public Equity (PIPE) and/or (iii) Initial Public Offerings (IPOs).

**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.

**Europe and Eurozone risk**
Some Funds may invest in Europe and the Eurozone. Mounting sovereign debt burdens (e.g. any sovereigns within the Eurozone, which default on their debts, may be forced to restructure their debts and faced difficulties in obtaining credit or refinancing) and slowing economic growth among European countries, combined with uncertainties in European financial markets, including feared or actual failures in the banking system, the possibility for one or more countries to withdraw from the European Union, including the United Kingdom, which is a significant market in the global economy, and the possible break-up of the Eurozone and Euro currency, may adversely affect interest rates and the prices of both fixed income and equity securities across Europe and potentially other markets as well. These events may increase volatility, liquidity and currency risks associated with investments in Europe. The aforesaid economic and financial difficulties in Europe may spread across Europe and as a result, a single or several European countries may exit the Eurozone or a sovereign within the Eurozone may default on its debts. In any event of the break-up of the Eurozone or Euro currency, the relevant Funds may be exposed to additional operational or performance risks.

While the European governments, the European Central Bank, and other authorities are taking measures (e.g. undertaking economic reforms and imposing austerity measures on citizens) to address the current fiscal conditions, these measures may not have the desired effect and therefore the future stability and growth of Europe is uncertain. The performance and value of the relevant Funds may be adversely affected should there be any adverse credit events (e.g. downgrade of the sovereign credit rating or default or bankruptcy of any Eurozone countries).

**Floating Rate Corporate Investment risk**
The floating rate corporate loans and corporate debt securities in which the Fund invests are often issued in connection with highly leveraged transactions. Such transactions include leveraged buyout loans, leveraged recapitalisation loans, and other types of acquisition financing.

Leveraged buyout loans are subject to greater credit risks than other investments including a greater possibility that the borrower may default or enter bankruptcy. Some of these loans may be "covenant lite" loans which do not include terms which allow the lender to control and track the performance of the borrower and declare a default if certain criteria are breached.

**Foreign Currency risk**
Since the Company values the portfolio holdings of each of its Funds in either US dollar, Japanese yen or euro, changes in currency exchange rates adverse to those currencies may affect the value of such holdings and each respective Fund's yield thereon.

Since the securities, including ancillary liquid assets, bank deposits, money market instruments and money market funds, held by a Fund may be denominated in currencies different from its base currency, the Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between such reference currency and other currencies. Changes in currency exchange rates may influence the value of a Fund's Shares, and also may affect the value of dividends and interests earned by the Fund and gains and losses realised by said Fund. If the currency in which a security is denominated appreciates against the base currency, the price of the security could increase. Conversely, a decline in the exchange rate of the currency would adversely affect the price of the security.

To the extent that a Fund or any Share Class seeks to use any strategies or instruments to hedge or to protect against currency exchange risk, there is no guarantee that hedging or protection will be achieved. Unless otherwise stated in any Fund's investment policy, there is no requirement that any Fund seeks to hedge or to protect against currency exchange risk in connection with any transaction.

Currency management strategies may substantially change a Fund's exposure to currency exchange rates and could result in losses to the Fund if currencies do not perform as the Investment Manager expects. In addition, currency management strategies, to the extent that they reduce the Fund's exposure to currency risks, may also reduce the Fund's ability to benefit from favourable changes in currency exchange rates. There is no assurance that the Investment Manager's use of currency management strategies will benefit the Fund or that they will be, or can be, used at appropriate times. Furthermore, there may not be perfect correlation between the amount of exposure to a particular currency and the amount of securities in the portfolio denominated in that currency. Investing in foreign currencies for purposes of gaining from projected changes in exchange rates, as opposed to hedging currency risks applicable to the Fund's holdings, further increases the Fund's exposure to foreign investment losses.

Investors should be aware of the fact that the Chinese Renminbi (RMB) is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. Currently, the RMB is traded in two markets: one in Mainland China, and one outside Mainland China (primarily in Hong Kong). The RMB traded in Mainland China is not freely convertible and is subject to exchange controls and certain requirements by the government of Mainland China. The RMB traded outside Mainland China, on the other hand, is freely tradable. Whilst the RMB is traded freely outside Mainland China, the RMB spot, forward foreign exchange contracts and related instruments reflect the structural complexities of this evolving market. Accordingly, Alternative Currency Classes denominated in RMB may be exposed to greater foreign exchange risks.

**Geopolitical risk**
Geopolitical risk refers to the potential for disrupting economies or financial markets, affecting the liquidity and/or performance of investments, limiting opportunities for investment and/or requiring the sale of investments at a loss due to political events or instability in a country or region. These events can include wars, terrorism, political upheaval, changes in government policies and international conflicts (including trade disputes).

**Hedged Strategies risk**
The Investment Manager of the Funds may be employing a number of Investment co-managers to implement various non-traditional or "alternative" strategies, including strategies characterised as "Long Short Equity", "Event Driven", "Global Macro", "Market Neutral" or "Relative Value", that involve "hedging" or "arbitrage" activities and that are designed to capture value in a non-directional market. These strategies in no respect should be taken to imply, however, that the Fund's investments employed in such strategies will be without risk. Substantial losses may be recognised even on "hedge" or "arbitrage" positions, and illiquidity and default on one side of a position can effectively result in the position not being the "hedge" that was intended, resulting in potential losses for the Fund. These strategies involve exposure to some second order risk of the market, such as the implied volatility in convertible bonds or warrants, the yield spread between similar term government bonds, or the price spread between different classes of stock for the same underlying firm. Further, many "market neutral" Investment co-managers may employ limited directional strategies that expose the assets they manage to certain market risks.

**Inflation-Indexed Securities risk**
Inflation-indexed securities have a tendency to react to changes in real interest rates. Real interest rates represent nominal (stated) interest rates lowered by the anticipated effect of inflation. In general, the price of an inflation-indexed security can decrease when real interest rates increase, and can increase when real interest rates decrease. Interest payments on inflation-indexed securities will fluctuate as the principal and/or interest is adjusted for inflation and can be unpredictable, therefore, the Fund's income distributions may fluctuate more than the income distributions of a typical fixed income fund. There can be no assurance that the Consumer Price Index or any other measure used to adjust the principal amounts of the Fund's debt securities will accurately correspond to the rate of inflation experienced by a particular investor. Any increase in the principal amount of an inflation-protected debt security will be considered taxable ordinary income, even though investors, such as the Fund, do not receive their principal until maturity.

**Interest Rate Securities risk**
All Funds that invest in debt securities or money market instruments are subject to interest rate risk. A fixed income security's value will generally increase in value when interest rates fall and decrease in value when interest rates rise. Interest rate risk is the chance that such movements in interest rates will negatively affect a security's value or, in a Fund's case, its Net Asset Value. Fixed income securities with longer-term maturities tend to be more sensitive to interest rate changes than shorter-term securities. As a result, longer-term securities tend to offer higher yields for this added risk. While changes in interest rates may affect a Fund's interest income, such changes may positively or negatively affect the Net Asset Value of the Fund's Shares on a daily basis.

Variable rate securities (which include floating-rate debt securities) generally are less sensitive to interest rate changes than fixed rate debt securities. However, the market value of variable rate debt securities may decline when prevailing interest rates rise if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, variable rate securities will not generally increase in market value if interest rates decline. However, when interest rates fall, there will be a reduction in the payments of interest received by a Fund from its variable rate securities. Floating-rate securities may be rated below investment grade (such securities are commonly referred to as "junk bonds"). Limits on the aggregate amount by which a variable rate security's interest rate may increase over its lifetime or during any one adjustment period can prevent the interest rate from ever adjusting to prevailing market rates.

**Investment Funds risk**
A Fund's performance is directly impacted by the performance of any Investment Funds held by it. The ability of a Fund to achieve its investment goal is directly related to, in part, the ability of the Investment Funds to meet their investment goal.

Investing in other Investment Funds may be more costly to a Fund than if the Fund had invested in the underlying securities directly. Shareholders of the Fund will indirectly bear the fees and expenses (including management and advisory fees and other expenses) of the underlying Investment Funds. As the Fund's allocations among the Investment Funds change from time to time, or to the extent that the expense ratios of the underlying funds change, the expenses borne by the Fund may increase or decrease. In addition, the determination of Net Asset Value of the Shares of any particular Investment Fund held by a Fund may be suspended under certain conditions as indicated in Appendix D ("Suspension of Calculation of Net Asset Value"). In the event this were to happen, it could impede the ability of a Fund to meet a redemption request.

A Fund's investments in Investment Funds may subject the Fund to additional risks than if the Fund would have invested directly in the Investment Funds' underlying securities. These risks include the possibility that an unregistered fund or an ETF may experience a lack of liquidity that can result in greater volatility than its underlying securities. In addition, an ETF may trade at a premium or discount to its net asset value, as shares of an ETF are bought and sold based on exchanges on market values and not at the ETF's net asset value.

Another risk of investing in Investment Funds is the possibility that one Investment Fund may buy the same securities that another Investment Fund sells. If this happens, an investor in the affected Fund would indirectly bear the costs of these transactions without accomplishing the intended investment purpose. Also, the Fund or the Investment Funds may hold common portfolio securities, thereby reducing the diversification benefits to the Fund.

**Legal and regulatory risk**
The Funds must comply with various legal requirements, including requirements imposed by the securities laws and companies laws in various jurisdictions, including the Grand Duchy of Luxembourg.

The interpretation and application of legislative acts can be often contradictory and this may impact the enforceability of the various agreements and guarantees entered into by the Funds. Legislation could be imposed retrospectively or may be issued in the form of internal regulations not generally available to the public. The interpretation and application of laws and regulations can be often contradictory and uncertain particularly in respect of matters relating to taxation.

Courts may not adhere to the requirements of the law and the relevant contract and it cannot be guaranteed that any recourse or judgment obtained in a foreign court will be enforced in certain jurisdictions where the assets relating to securities held by the Funds are located.

**Liquidity risk**
Liquidity risk takes two forms: asset side liquidity risk and liability side liquidity risk. Asset side liquidity risk refers to the inability of a Fund to sell a security or position at its quoted price or market value due to such factors as a sudden change in the perceived value or credit worthiness of the position, or due to adverse market conditions generally. Liability side liquidity risk refers to the inability of a Fund to meet a redemption request, due to the inability of the Fund to sell securities or positions in order to raise sufficient cash to meet the redemption request. Markets where the Fund's securities are traded could also experience such adverse conditions as to cause exchanges to suspend trading activities. Reduced liquidity due to these factors may have an adverse impact on the Net Asset Value of the Fund and, as noted, on the ability of the Fund to meet redemption requests in a timely manner.

Certain securities are illiquid due to a limited trading market, financial weakness of the issuer, legal or contractual restrictions on resale or transfer, or that are otherwise illiquid in the sense that they cannot be sold within seven days at approximately the price at which the Fund values them. Securities that are illiquid involve greater risk than securities with more liquid markets. Market quotations for such securities may be volatile and/or subject to large spreads between bid and ask prices. Illiquidity may have an adverse impact on market price and the Fund's ability to sell particular securities when necessary to meet the Fund's liquidity needs or in response to a specific economic event.

**Low-Rated or Below Investment Grade Securities risk**
Some Funds may invest in higher-yielding securities rated lower than investment grade. High-yield debt securities (including loans) and unrated securities of similar credit quality ("high-yield debt instruments" or "junk bonds") involve greater risk of a complete loss of the Fund's investment, or delays of interest and principal payments, than higher-quality debt securities. Issuers of high-yield debt instruments are not as strong financially as those issuing securities of higher credit quality. High-yield debt instruments are generally considered predominantly speculative by the applicable rating agencies as these issuers are more likely to encounter financial difficulties and are more vulnerable to changes in the relevant economy, such as a recession or a sustained period of rising interest rates, that could affect their ability to make interest and principal payments when due. If an issuer stops making interest and/or principal payments, payments on the securities may never resume. These instruments may be worthless and the Fund could lose its entire investment.

The prices of high-yield debt instruments fluctuate more than higher-quality securities. Prices are especially sensitive to developments affecting the issuer's business or operations and to changes in the ratings assigned by rating agencies. In addition, the entire high-yield debt market can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sustained sales by major investors, a high-profile default, or other factors. Prices of corporate high-yield debt instruments often are closely linked with the company's stock prices and typically rise and fall in response to factors that affect stock prices.

High-yield debt instruments are generally less liquid than higher-quality securities. Many of these securities are not registered for sale with relevant regulatory authorities in the local jurisdiction and/or do not trade frequently. When they do trade, their prices may be significantly higher or lower than expected. At times, it may be difficult to sell these securities promptly at an acceptable price, which may limit the Fund's ability to sell securities in response to specific economic events or to meet redemption requests. As a result, high-yield debt instruments generally pose greater illiquidity and valuation risks.

The use of credit ratings in evaluating debt securities can involve certain risks, including the risk that the credit rating may not reflect the issuer's current financial condition or events since the security was last rated by a rating agency. Credit ratings may be influenced by conflicts of interest or based on historical data that no longer apply or are accurate. Recently, legislation and regulations to reform rating agencies have been proposed and may adversely impact the Fund's investments or investment process.

Unrated debt securities determined by the Investment Managers to be of comparable quality to rated securities which the Fund may purchase may pay a higher interest rate than such rated debt securities and be subject to a greater risk of illiquidity or price changes. Less public information is typically available about unrated securities or issuers.

Exposure to the low-rated or high-yield debt may be achieved through synthetic means. For example, the CDX is a credit default swap on a basket of high yield bonds, constituting in effect a high yield bond index. By purchasing such an instrument, the Fund is buying protection (i.e. the ability to get par for the bonds in the event of an unfavourable credit event), allowing the Fund to hedge its exposure or go short the high yield sector. By selling such an instrument short and holding cash against the potential obligation to purchase it, the Fund is selling protection and effectively getting long exposure to the high yield sector more efficiently than purchasing individual bonds. The risks associated with such synthetic instruments are comparable to those of the underlying high yield securities that the instruments are seeking to replicate, in addition to the risk that the synthetic instruments themselves do not perform as intended due to adverse market conditions.

**Market risk**
The market values of securities owned by a Fund will go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting individual issuers, securities markets generally or particular industries or sectors within the securities markets. The value of a security may go up or down due to general market conditions which are not specifically related to a particular issuer, such as real or perceived adverse economic conditions, changes in the general outlook for revenues or corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also go up or down due to factors that affect an individual issuer or a particular industry or sector, such as changes in production costs and competitive conditions within an industry 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.

Stock prices tend to go up and down more dramatically than those of debt securities. A slower-growth or recessionary economic environment could have an adverse effect on the prices of the various stocks held by the Fund.

**Model risk**
The Investment Manager may use modelling systems to implement its investment strategies for a Fund. There is no assurance that the modelling 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 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).

**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 a distributor subscribing for Shares in its own name and on behalf of an underlying Investor, it may not always be possible for the Investor to exercise certain Shareholder rights directly against the Company. Investor investing through a distributor subscribing for Shares in its own name and on behalf of an underlying 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, and therefore these Funds may not invest more than 10% of their net assets in such securities.

**Participatory Notes risk**
Participatory Notes also known as P-Notes are financial instruments that may be used by some Funds to obtain exposure to an equity investment, including common stocks and warrants, in a local market where direct ownership is not allowed. Investment in Participatory Notes may involve an OTC transaction with a third party. Therefore Funds investing in Participatory Notes may be exposed not only to movements in the value of the underlying equity, but also to the risk of counterparty default, which may in the event of counterparty default result in the loss of the full market value of the equity.

**Portfolio Turnover risk**
The Investment Managers may sell a security or enter into or close out of a derivative position when it believes it is appropriate to do so, regardless of how long the Fund has held the instrument. These activities increase the Fund's portfolio turnover and may increase the Fund's transaction costs.

**Prepayment risk**
Debt securities are subject to prepayment risk when the issuer can "call" the security, or repay principal, in whole or in part, prior to the security's maturity. When a Fund reinvests the prepayments of principal it receives, it may receive a rate of interest that is lower than the rate on the existing security, potentially lowering the Fund's income, yield and its distributions to shareholders. Securities subject to prepayment may offer less potential for gains during a declining interest rate environment and have greater price volatility. Prepayment risk is greater in periods of falling interest rates.

**Real Estate Securities risk**
Some Funds invest in real estate securities, securities linked to real estate indices or a basket of real estate securities, or real estate investment trusts ("REITs"). Real estate values rise and fall in response to a variety of factors, including local, regional and national economic conditions, interest rates and tax considerations. When economic growth is slow, demand for property decreases and prices may decline. Property values may decrease because of overbuilding, increases in property taxes and operating expenses, changes in zoning laws, environmental regulations or hazards, uninsured casualty or condemnation losses, or general decline in neighbourhood values.

Securities linked to a real estate index or basket of real estate related securities may take the form of a structured note whose value is intended to move in line with the underlying index (or indices) or real estate related securities basket specified in the note. Such notes involve assuming risk associated with the counterparty that is packaging the note. Such notes depend on the solvency of the issuer for the life of the note. There is no guarantee that such notes will perform as intended in line with the underlying index (indices) or basket of securities. The liquidity of such notes may also be limited, depending on the creditworthiness of the issuer of the note as well as the nature of the underlying indices or basket of securities.

Equity REITs may be affected by any changes in the value of the properties owned and other factors, and their prices tend to go up and down. A REIT's performance depends on the types and locations of the properties it owns and on how well it manages those properties. A decline in rental income may occur because of extended vacancies, increased competition from other properties, tenants' failure to pay a rent or poor management. A REIT's performance also depends on the company's ability to finance property purchases and renovations and manage its cash flows. Since REITs typically are invested in a limited number of projects or in a particular market segment, they are more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments.

**Reinvestment of Collateral risk**
Following reinvestment of collateral as defined in Appendix B. 3 of this Prospectus "Financial Derivative Instruments", 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 bonds supported by the full faith and credit of the US government or EU Government or Agency (including supranational agencies) bonds.

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.

**Restructuring Companies risk**
Some Funds may also invest in the securities of companies involved in mergers, consolidations, liquidations and reorganisations (including those involving bankruptcy) or as to which there exist tender or exchange offers, and may participate in such transactions; they may also purchase indebtedness and participations therein, both secured and unsecured, of debtor companies engaged in reorganisation or financial restructuring. Such investments also involve greater credit risks. The companies involved in reorganisation or financial restructuring tend to have a relatively weak financial position and may also be subject to the risks that the restructuring could be disruptive to the business and management structure of the companies involved, which may expose the Funds to higher investment risk.

**Reuse of Collateral and Financial Instruments risk**
In accordance with market standard OTC derivatives, 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 "SFT Regulation"), 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.

**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.

**Smaller and Midsize Companies risk**
While smaller and midsize companies may offer substantial opportunities for capital growth, they also involve substantial risks and should be considered speculative. Historically, smaller and midsize company securities have been more volatile in price than larger company securities, especially over the short term. Among the reasons for the greater price volatility are the less certain growth prospects of smaller and midsize companies, the lower degree of liquidity in the markets for such securities, and the greater sensitivity of smaller and midsize companies to changing economic conditions.

In addition, smaller and midsize companies may lack depth of management, be unable to generate funds necessary for growth or development, have limited product lines or be developing or marketing new products or services for which markets are not yet established and may never become established. Smaller and midsize companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying any loans which are floating-rate.

These risks are typically increased for securities issued by smaller companies registered or performing a significant part of their activities in developing countries and Emerging Markets, especially as the liquidity of securities issued by companies in Emerging Markets may be substantially smaller than with comparable securities in industrialised countries.

**Substantial Leverage risk**
While cash borrowing for investment purposes (traditional leverage) is not permitted for UCITS funds, leverage exposure may be obtained through the use of financial derivative instruments, as more fully described under "Derivative Instruments risk". Certain Funds, by the nature of their investment strategy, may employ an unusually high level of leverage achieved through financial derivative instruments regardless of their use, i.e., for investment purposes or for purposes of hedging. As an example, financial derivative instruments used to reduce risk do also contribute to an increase in the level of leverage for a given Fund when expressed in notional terms.

Certain financial derivative instruments have the potential for an unusually high degree of leverage regardless of the size of the initial investment. The use of a substantial degree 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. As a result, a relatively small price movement in a derivative contract, particularly when such contracts are used to a significant degree in a Fund, may result in substantial losses to a Fund. Consequently substantial level of leverage could lead to higher volatility in a Fund's Net Asset Value.

**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 behavior 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 Managers to correctly predict whether certain types of investments are likely to produce greater returns than other investments. Because they are two-party contracts and because they may have terms of greater than seven (7) calendar days, swap agreements may be considered to be illiquid. Moreover, the Company bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. The Investment Managers 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.

**Tax risk**
Investments held by the Funds may be subject to withholding taxes, capital gains taxes or other taxes imposed by the jurisdictions in which such investments are located. The Funds may not be able to benefit from reduced rates of taxation under applicable double taxation treaties or may only obtain such benefits following lengthy and uncertain reclaim procedures. Changes in tax law, tax authority practice or treaty interpretation, including changes with retrospective effect, may increase the taxes borne by the Funds. Any such taxes, or any inability to recover such taxes, may reduce the Funds' returns and Net Asset Value. Where appropriate, the Management Company may establish provisions for uncertain tax liabilities, which may subsequently require adjustment.

**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 has appointed Franklin Templeton International Services S.à r.l. as Management Company by a management company services agreement dated 15 February 2017 to be responsible on a day-to-day basis under the supervision of the Board of Directors, for providing administration, marketing, investment management and advice services in respect of all Funds. The Management Company may delegate part or all of the investment management services to the Investment Managers.

The board of managers of the Management Company has appointed conducting persons who are responsible for the day-to-day management of the Management Company in accordance with article 102 of the Luxembourg Law of 17 December 2010.

The Management Company was incorporated on 17 May 1991 under the laws of the Grand Duchy of Luxembourg and its articles of incorporation are deposited with the Luxembourg *Registre de Commerce et des Sociétés*. The Management Company is approved as a management company regulated by chapter 15 of the Law of 17 December 2010. The Management Company is part of Franklin Templeton.

The share capital of the Management Company is EUR 4,605,383.00 and the Management Company will comply at all times with article 102 of the Law of 17 December 2010.

The Management Company may also be appointed to act as management company for other investments funds the list of which will be available, upon request, at the registered office of the Company and the Management Company.

The Management Company will ensure compliance of the Company with the investment 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 investment. 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.

The Management Company shall report to the Board of Directors on a quarterly basis and inform the Board of Directors of any non-compliance of the Company with the investment restrictions.

**INVESTMENT MANAGERS**

The Investment Managers mentioned in the section "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 Manager(s) 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 subsidiary of FTI. Through its subsidiaries, FTI 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 www.franklintempleton.lu.

**DEPOSITARY**

J.P. Morgan SE, Luxembourg Branch has been appointed as the Depositary to provide depositary, custodial, settlement and certain other associated services to the Company.

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 and 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.

The Depositary will further:

a) ensure that the issue, redemption and cancellation of Shares effected by the Company or on its behalf are carried out in accordance with the Law of 17 December 2010 and the Articles;
b) ensure that the value per Share of the Company is calculated in accordance with the Law of 17 December 2010 and the Articles;
c) carry out, or where applicable, cause any subcustodian or other custodial delegate to carry out the instructions of the Company or the relevant Investment Manager(s) unless they conflict with the Law of 17 December 2010 or the Articles;
d) ensure that in transactions involving the assets of the Company, the consideration is remitted to it within the usual time limits; and
e) ensure that the income of the Company is applied in accordance with the Articles.

The Depositary may entrust all or part of the assets of the Company that it holds in custody to such subcustodians 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 15 February 2017 also entered by the Management Company (the "Depositary Agreement").

The Depositary shall perform all the duties and obligations of a depositary under the UCITS Directive as outlined in the Depositary Agreement. The Depositary 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 UCITS Directive 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 UCITS Directive. 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 Investors.

The Depositary is liable to the Company or its Investors for the loss of a financial instrument held in custody by the Depositary or any of its delegates. 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 is also liable to the Company or its Investors for all other losses suffered by 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, pricing or valuation services. Where a conflict or potential conflict of interest arises, the Depositary will have regard to its obligations to the Company (under applicable laws including Article 25 of the UCITS Directive) 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 UCITS Directive 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: www.franklintempleton.lu, by selecting " Invest with Us", "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 (including client communication function), (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 where relevant 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"). 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.

## 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 sites: www.franklintempleton.lu and www.fundinfo.com. The Company and the Management Company cannot accept any responsibility for any error or delay in publication or for the non-publication of prices.

## INVESTOR GENERAL INFORMATION

**Prior Considerations**
The Company aims to provide investors with a choice of Funds investing in a wide range of transferable securities and other eligible assets on a worldwide basis and featuring a diverse array of investment objectives, including capital growth and income. Investors should give careful consideration to their own personal investment objectives and any local regulatory or tax implications applicable to their circumstances. Investors are recommended to obtain advice from local financial and tax advisors. Further information regarding tax is provided in the sections "Taxation of the Company" and "Taxation of Investors".

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

The distribution of this Prospectus and the offering of the Shares may be restricted in certain jurisdictions and some of the Funds may not be available for public distribution in your jurisdictions. It is the responsibility of any persons wishing to make an application for Shares pursuant to this Prospectus to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions.

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.

Investors should refer to the KID of the relevant Fund where applicable for ongoing charges and historical performance charts of the Share Classes of the relevant Funds.

**Issue of Shares**
Shares are made available through the Principal Distributor. The Principal Distributor will, from time to time, enter into contractual agreements with several other sub-distributors, intermediaries, Brokers/Dealers and/or professional investors for the distribution of those Shares.

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

The Company 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 manager(s) or adviser(s) 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 who is precluded from holding Shares of the Company; and

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**
The Board of Directors may decide to make an application to list the Shares of any Class on any eligible 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".

**Dealing Cut-Off Times**
Dealing Cut-Off Times are detailed in Appendix A. The Company and/or Management Company may permit, if it deems it appropriate, different Dealing Cut-Off Times to be agreed with local distributors or for distribution in jurisdictions where the different time zone so justifies. In such circumstances, the applicable Dealing Cut-Off Time applied must always precede the time when the applicable Net Asset Value is calculated and published. Such different Dealing Cut-Off Times shall be disclosed in the local supplement to this Prospectus, the agreements in place with the local distributors, or other marketing material used in the jurisdictions concerned.

**Calculation of Share Prices/Net Asset Value**
The prices at which Shares of the relevant Classes can be purchased, sold or switched in each Share Class are calculated on each Valuation Day by reference to the Net Asset Value per Share of the Class concerned and are available on the following Business Day.

Some jurisdictions do not permit Investor transactions to be accepted during local holidays. Details of these arrangements are contained in the locally approved version of this Prospectus.

Details of the calculation of the Net Asset Value are provided in Appendix D. Instructions received in writing by the Transfer Agent 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.

**Fund Soft Closure**
A Fund, or Share Class, may be closed to new Investors or to all new subscriptions or switches in (but not to redemptions, 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 Managers 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.

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.

**Side Pocket**
In the best interests of Shareholders, the Company may, in accordance with applicable laws and regulations and applicable CSSF guidance and regulatory requirements, decide to segregate certain assets of a Fund affected by exceptional circumstances.

Such segregation may be implemented by any appropriate means, including, inter alia:

(a) a dedicated share class of a Fund created specifically to implement the accounting segregation of the assets whose economic or legal features have changed significantly or have become uncertain due to exceptional circumstances from the other assets of the Company;

(b) a separate Fund created specifically to separate the assets whose economic or legal features have changed significantly or have become uncertain due to exceptional circumstances from the other assets of the Company.

For the purposes of the side pocket referred to in paragraph 2, point (a), new purchases and sales in share classes other than the share class dedicated to the side-pocket shall be executed on the basis of the net asset value of the Company, which shall be calculated after excluding the assets that are subject to the accounting segregation.

The side pocket share class shall be closed to purchases and sales.

Where the Company activates a side pocket as referred to in paragraph 2, point (b), the assets whose economic or legal features have changed significantly or have become uncertain due to exceptional circumstances shall remain in the original Fund, while the other assets shall be transferred to a new Fund, or shall be transferred through a merger into an existing Fund.

The original Fund shall be closed to purchases and sales and shall be put into liquidation. The new Fund, where applicable, shall be authorised and managed in accordance with the investment strategy of the original Fund.

Upon the creation of a side pocket Fund, each investor shall be allocated shares in the side pocket Fund in proportion to their respective participation in the original Fund.

The assets subject to segregation may include, without limitation, financial instruments:

- whose liquidity has significantly deteriorated;
- whose valuation is uncertain or suspended; or
- that are impacted by exceptional market, credit or operational events.

The Company shall ensure that:

- all Shareholders are treated fairly;
- any such decision is taken in the sole interest of Shareholders; and
- appropriate information is communicated to Shareholders as soon as reasonably practicable.

**Minimum Investment**
The minimum initial investment in the Shares of each Fund is EUR 1,000, (except for Franklin Cat Bond UCITS Fund which has a minimum of EUR 10,000 for initial investments), EUR 5,000,000 for Class I, Class IE and Class P2 and EUR 10,000,000 for Class P1 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 (if permitted in relation to a specific Fund) may add to their Holdings in that Fund provided the minimum increase for any purchase is EUR 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 investment amounts applied in other jurisdictions will be disclosed in the local version of this Prospectus, the agreements in place with the local distributors or other marketing material used in the jurisdictions concerned.

The minimum Holding requirement in the Shares of each Fund is EUR 1,000 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**
Local offering documentation may provide the facility for the Investors to avail of 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, brokers/dealers and/or professional investors appointed by such other parties) will not be charged additional fees and expenses by the Company.

**Third Party Payments**
Investors are informed that it is the Company's policy not to make payment to or accept payment from a party other than the registered Shareholder.

Investors should note that if their redemption instruction is accompanied by a request to pay the sale proceeds into a bank account, located in a country other than the Investor's country of residence, the Company and/or the Management Company reserves the right to delay the execution of the transaction or the release of the payment proceeds, until additional information or 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.franklintempleton.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 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 Templeton, Inc. and/or its subsidiaries and associates, the Depositary, the Administrative Agent and any other third parties which provide services to them (including but not limited to printing and mailing services), 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), 2018/843/EU Directive 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 its Investors. To meet the Management Company's requirements, Investors should submit any necessary identification documents together with the application form. For private individuals this will be a passport or identity card copy duly certified to be a true copy by an authorised body in their resident country. Legal entities will be required to produce documents such as proof of regulation, membership to a recognised stock exchange, or company articles of incorporation/by-laws or other constitutive documents as applicable. The Management Company is also obliged to identify any beneficial owners of the investment. The requirements apply to both purchases made directly to the Company and indirect purchases received from an intermediary 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 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. In addition, the Management Company reserves the right to stop the payment of any commissions, to block further transactions in the Company's Funds and/or ultimately terminate the business relationship with sub-distributors, intermediaries, brokers/dealers and/or professional investors after reasonable attempts from the Management Company to reach agreement on updated terms and conditions or contractual arrangements, to obtain the missing or updated documentation (including underlying clients' documentation) requested from such sub-distributors, intermediaries, brokers/dealers and/or professional investors in line with applicable laws and regulations, thus preventing the Management Company from fulfilling its anti-money laundering and counter-terrorism financing obligations. Neither the Company nor the Management Company have any liability for delays or failure to process deals as a result of sub-distributors, intermediaries, brokers/dealers, professional investors and/or 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**

**Short term and excessive trading ("excessive trading").** Short term and excessive trading include Investors or groups of Investors whose transactions seem to follow a timing pattern or are characterised by excessively frequent or large trades. The Company discourages short-term and/or excessive trading 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 the 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 Investors.

**Market timing.** The nature of the Fund's portfolio holdings may 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 will not knowingly allow trading activity which is associated with market timing as such practice may affect the interests of all Investors.

**Market timing and excessive trading consequences.** The Company or the Management Company does not knowingly allow any market timing transactions, and take various measures to protect Investors' interests, including revoking, rejecting, suspending or cancelling any trade or transaction request that has been placed in violation or appears to represent a violation of the Company's trading policy. If information regarding an Investor's trading activity leads the Company, the Management Company or their agents (including the Transfer Agent or a financial intermediary) to conclude that such trading activity may be detrimental to the Company as described in this 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 an Investor 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). The Company or the Management Company has the right to forcibly redeem an Investor's investment, at that Investor's sole cost and risk, if it appears that the Investor has engaged in market timing and/or excessive trading.

In considering an Investor's trading activity, the Company or the Management 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 and excessive trading 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"). The Management Company will contractually enforce this trading policy and oblige the financial intermediaries to employ active ongoing trade monitoring strategies in order to detect and reject any such trading activities with their customers who invest indirectly in the Company.

The Company and the Management Company are currently using several methods to reduce the risk of market timing and excessive trading. These methods include:
• reviewing Investor activity for market timing and 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 trading policy.

Though these methods involve judgments that are inherently subjective and involve some selectivity in their application, the Company or the Management 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, the Management Company or its agents will gain access to all information necessary to detect market timing and/or excessive trading in particular when investments and transactions are intermediated by financial intermediaries or instructed in 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. While the Company and the Management Company seek to take appropriate actions (directly and with the assistance of financial intermediaries) to detect market timing and/or excessive trading, the Company cannot represent that such trading activity can be completely eliminated but will not knowingly allow any such trading activity to occur.

**Preferential treatment**
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.

**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 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.

| Share classes | Accumulation | Distribution |
|---|---|---|
| Class A | (Acc) | (Mdis)<br>(Qdis)<br>(Bdis)<br>(Ydis) |
| Class A1 | | |
| Class A2 | | |
| Class E | | |
| Class E1 | | |
| Class E2 | | |
| Class D1 | | |
| Class D2 | | |
| Class D3 | | |
| Class D4 | | |
| Class I | | |
| Class IE | | |
| Class N | | |
| Class P1 | | |
| Class P2 | | |
| Class R | | |
| Class S | | |
| Class W | | |
| Class WE | | |
| Class Y | | |

Unless otherwise stated in the Prospectus, the same terms and conditions apply to the different types of Shares i.e. accumulation (acc), monthly distribution (Mdis), quarterly distribution (Qdis), bi-annually distribution (Bdis) and yearly distribution (Ydis), of the same Share Class.

The difference in the various Share Classes relates to the fee structure and/or the dividend policy applicable to each of them. Shares can be either Distribution or Accumulation Shares. The Board of Directors intends to distribute all of the income attributable to the Distribution Shares. No distribution of dividends shall be made for the Accumulation Shares, however the income attributable will be reflected in the increased value of the Shares. Dividends may be paid monthly, quarterly, bi-annually or annually. Further details are provided in the following sections, as well as in the "Dividend Policy" section.

The purchase proceeds of the various Share Classes of a Fund are invested in one common underlying portfolio of investments but the Net Asset Value of each Share Class will be different as a result of differences in the issue price, fee structure and dividend policy.

**Class A, A1, A2, E, E1 and E2 Shares** may be offered to retail investors and 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 A, A1, A2, E, E1 and E2 Shares.

**Class D1, D2, D3 and D4 Shares** shall only be offered for distribution in certain countries and to selected distributors and/or Brokers/Dealers by invitation.

**Class I and IE 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 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 P1 and P2 Shares**
It is intended that the Directors will accept applications only from endowments, foundations, sovereign wealth funds, pension funds, insurers, funds of funds, and family offices as long as such entities qualify as Institutional Investors and investing a minimum of EUR 10 million for **Class P1 Shares** for a limited time until the total Net Asset Value of the relevant Share Class(es) of the Fund (excluding seed capital) reaches EUR 100 million (or equivalent in other currency), or such other amounts as specifically determined by the Management Company and disclosed on the Franklin Templeton website: http://www.franklintempleton.lu.

It is intended that the Directors will accept applications from Distributors, Brokers/Dealers, platforms, Institutional Investors and/or other Investors investing a minimum of EUR 5 million for **Class P2 Shares** for a limited time until the total Net Asset Value of the relevant Share Class(es) of the Fund (excluding seed capital) reaches EUR 200 million (or equivalent in other currency), or such other amounts as specifically determined by the Management Company and disclosed on the Franklin Templeton website: http://www.franklintempleton.lu.

Once a Shareholder is issued with Class P1 and/or P2 Shares, they shall remain eligible to subscribe into the same Fund and Share Class in perpetuity as long as they remain invested in the same Fund and/or Share Class. Once the total Net Asset Value of the Class P1 and P2 Share Classes available in a Fund reaches its relevant maximum total NAV threshold, the Class P1 and P2 Shares in that Fund will be closed to subscriptions from new Investors.

Investors should contact the Management Company or check the Franklin Templeton website for the current status of the relevant Funds or Share Classes, the Funds' specific exceptions to the Class P1 and P2 Shares thresholds stated above and for subscription opportunities that may occur.

**Class R Shares** may only be offered to certain insurance companies and other categories of 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 S Shares** shall only be offered to Institutional Investors, intermediaries, distributors, platforms and/or Brokers/Dealers subject to (i) a level of assets under management (or committing to raise such level of assets under management by way of a letter of intent) with Franklin Templeton in excess of EUR 5 billion (or equivalent in other currency) and/or (ii) a level of assets under management in Franklin Templeton EU-domiciled fund umbrellas in excess of EUR 1 billion (or equivalent in other currency) and/or (iii) a level of assets under management (or committing to raise such level of assets under management by way of a letter of intent) in excess of EUR 50 million (or equivalent in other currency) in Class S Shares in the relevant Fund or such other amount for certain Funds as specifically determined by the Management Company and disclosed on the Franklin Templeton website and 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 W and WE 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 Asia, at the discretion of the Management Company.

**Class Y Shares** may only be offered to 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, 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 Share Classes may be obtained from the Franklin Templeton Internet site www.franklintempleton.lu or upon request at the registered office of the Company and the Management Company.**

**List of Qualifying Institutional Investors**

- Institutional investors *stricto sensu*, such as banks and other regulated professionals of the financial sector, insurance and reinsurance companies, social security institutions and pension funds, charitable institutions, industrial, commercial and financial group companies, all subscribing on their own behalf, and the structures which such Institutional Investors put into place for the management of their own assets.
- Credit institutions and other regulated professionals of the financial sector investing in their own name but on behalf of Institutional Investors as defined above.
- Credit institutions and other regulated professionals of the financial sector established in Luxembourg or abroad which invest in their own name but on behalf of their non-institutional clients on the basis of a discretionary management mandate.
- Collective investment undertakings established in Luxembourg or abroad.
- Holding companies or similar entities, whether Luxembourg-based or not, whose shareholders are Institutional Investors as described in the foregoing paragraphs.
- Holding companies or similar entities, whether Luxembourg-based or not, whose shareholder(s)/ beneficial owner(s) is/are individual person(s) which is/are extremely wealthy and may reasonably be regarded as sophisticated investor(s) and where the purpose of the holding company is to hold important financial interests/investments for an individual or a family.
- A holding company or similar entity, whether Luxembourg based or not, which as a result of its structure and activity has a true substance and holds important financial interests / investments.

**Alternative Currency Classes**
Share Classes may be offered in the following currencies:

- Australian Dollar (AUD)
- Canadian Dollar (CAD)
- Czech Koruna (CZK)
- Euro (EUR)
- Hong Kong Dollar (HKD)
- Hungarian Forint (HUF)
- Norwegian Krone (NOK)
- Polish Zloty (PLN)
- Renminbi (RMB)
- Singapore Dollar (SGD)
- Swedish Krona (SEK)
- Swiss Francs (CHF)
- US Dollar (USD)
- UK Sterling (GBP)

or any other freely convertible currency.

Alternative Currency Classes offered in Renminbi (RMB) will only be available to professional investors and Institutional Investors in jurisdictions where the offer is authorised or lawful. The allotment of Shares in RMB is conditional upon receipt of purchase monies, including any applicable entry charge, which must be paid within four (4) Luxembourg Business Days of the Valuation Day unless the Board of Directors requires cleared funds on or prior to an application being accepted.

The offshore Renminbi market (CNH) rate will be used when determining the Net Asset Value of the Alternative Currency Classes denominated in RMB, not the onshore Renminbi (CNY). The value of CNH could differ, perhaps significantly, from that of CNY due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions applied by the Chinese government from time-to-time as well as other external market forces. Where the term RMB is used in the Prospectus, it refers to the offshore Renminbi market (CNH).

The Net Asset Value of Alternative Currency Share Classes will be calculated and published in the alternative currency and purchase payments for such Classes are to be paid by the Investors, and sale proceeds are paid to selling Investors, in such alternative currency, unless otherwise authorised under the Prospectus. The Company does not currently intend to hedge the currency risks to which these Classes are exposed, except for Hedged Share Classes.

The terms and conditions applicable to the Share Classes available in alternative currency are the same as those which apply for the same Share Classes offered in the base currency.

The Board of Directors may decide to offer an Alternative Currency Share Class in another currency than those mentioned above in which case the Prospectus will be updated.

**Hedged Share Classes**
In respect of Hedged Share Classes, either the base currency exposure of the 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 may be applied in order to reduce the risk of currency movements between the currency of the Hedged Share Class and other material currencies of the securities and cash held by said Fund (H2). Hedged Share Class using the first methodology will contain the abbreviation H1 in their denomination whereas Hedged Share Class using the second methodology will contain the abbreviation H2.

Currency hedging techniques may be used at Share Class level and may be carried out by the relevant Investment Manager(s) or by JPMORGAN CHASE BANK, N.A., London Branch (the "Currency Administrator"). In this context, the Investment Manager(s) or Currency Administrator 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) or Currency Administrator, 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) or Currency Administrator 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, Exit Charge and Contingent Deferred Sales Charge**

**Class A, A1 and A2 Shares**

- Entry Charge

The price at which Class A, A1 and A2 Shares will be offered is the Net Asset Value per Share, plus an entry charge of up to 5.75% based on the total amount invested. 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 A, A1 and A2 Shares, and may authorise sub-distributors, intermediaries, Brokers/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.

**Class D1, D2, D3 and D4 Shares**
The price at which Classes D1, D2, D3 and D4 Shares will be offered is the Net Asset Value per Share.

Purchases of Classes D1, D2 and D3 Shares are subject to a Contingent Deferred Sales Charge ("CDSC") of up to 3% if an Investor sells Shares within five (5) years of purchase. Purchases of Class D4 Shares are subject to a CDSC of up to 2% if an Investor sells Shares within six (6) years of purchase. The way this charge is calculated is more fully described in the section "Calculation of CDSC".

**Class E, E1 and E2 Shares**
The price at which Class E, E1 and E2 Shares will be offered is the Net Asset Value per Share, plus an entry charge of up to 2% of the total amount invested. 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 E, E1 and E2 Shares, and may authorise sub-distributors, intermediaries, Brokers/Dealers and/or professional investors to sell Class E, E1 and E2 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.

Purchases of Class E, E1 and E2 Shares are not subject to a CDSC. However, Class E, E1 and E2 Shares may be subject to an exit charge of up to 1% if an Investor sells Shares during the relevant Principal Investment Period. No exit charge will be payable on Shares being sold during the Asset Gathering Period and after the end of the relevant Principal Investment Period.

**Class I, P1, P2, S Shares**
The price at which Class I, P1, P2 and S Shares will be offered is the Net Asset Value per Share.

The Principal Distributor does not apply an entry charge on purchases of Class I, P1 and P2 Shares. For clarity sake, in compliance with applicable laws, regulations and market practice, intermediaries or distributors selling Class I Shares may apply their own selling charges.

Investors shall consult their intermediary, distributors or own financial adviser to find more information about such charges (such charges should not exceed 3.00% of the total amount invested).

Purchases of Class I Shares are neither subject to an exit charge, nor CDSC.

**Class IE Shares**
The price at which Class IE Shares will be offered is the Net Asset Value per Share.

The Principal Distributor does not apply an entry charge on purchases of Class IE Shares. For clarity sake, in compliance with applicable laws, regulations and market practice, intermediaries or distributors selling Class IE Shares may apply their own selling charges. Investors shall consult their intermediary, distributors or own financial adviser to find more information about such charges (such charges should not exceed 3.00% of the total amount invested).

Purchases of Class IE Shares are not subject to a CDSC. However, Class IE Shares may be subject to an exit charge of up to 0.5% if an Investor sells Shares during the relevant Principal Investment Period. No exit charge will be payable on Shares being sold during the Asset Gathering Period and after the end of the relevant Principal Investment Period.

**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 R Shares**
The price at which Class R Shares will be offered is the Net Asset Value per Share. The Principal Distributor does not apply an entry charge, exit nor CDSC on purchases of Class R Shares.

For clarity sake, in compliance with applicable laws, regulations and market practice, intermediaries or distributors selling Class R Shares may apply their own selling charges. Investors shall consult their intermediary, distributors or own financial adviser to find more information about such charges (such charges should not exceed 3% of the total amount invested).

**Class W Shares**
The price at which Class W Shares will be offered is the Net Asset Value per Share. Purchases of Class W Shares are neither subject to an exit charge nor CDSC.

The Principal Distributor does not apply an entry charge on purchases of Class W Shares. For clarity sake, in compliance with applicable laws, regulations and market practice, intermediaries or distributors selling Class W Shares may apply their own selling charges. Investors shall consult their intermediary, distributors or own financial adviser to find more information about such charges (such charges should not exceed 5.75% of the total amount invested).

**Class WE Shares**
The price at which Class WE Shares will be offered is the Net Asset Value per Share. Purchases of Class WE Shares are not subject to a CDSC. Class WE Shares are subject to an exit charge of up to 1% if an Investor sells Shares during the relevant Principal Investment Period. No exit charge will be payable on Shares being sold during the Asset Gathering Period and after the end of the relevant Principal Investment Period.

The Principal Distributor does not apply an entry charge on purchases of Class WE Shares. For clarity sake, in compliance with applicable laws, regulations and market practice, intermediaries or distributors selling Class WE Shares may apply their own selling charges. Investors shall consult their intermediary, distributors or own financial adviser to find more information about such charges (such charges should not exceed 2% of the total amount invested).

**Class Y Shares**
The price at which Class Y will be offered is the Net Asset Value per Share. The Principal Distributor does not apply any entry charge on purchases of Class Y Shares.

**Calculation of CDSC**
The CDSC applicable for qualifying D1, D2, D3 and D4 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. 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 when purchased.

Amounts assessed as a CDSC are paid to the Principal Distributor. The CDSC may be waived in whole or in part by the Principal Distributor at its discretion either for individual Investors or for particular groups of Investors. The Company has committed to pay to the Principal Distributor 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. 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.

| Investor Category | Retail / Institutional | | | Institutional | | |
|---|---|---|---|---|---|---|
| **Share Class Overview** | **Classes A[1], A1, A2, D1, D2, D3, D4, E, E1, E2, N, W[1] and WE** | **Classes R, S[1]** | **Class P2** | **Classes I and IE** | **Class P1** | **Class Y[1]** |
| **Minimum Investment** | EUR 1,000 | Details available from the Company or the Management Company | EUR 5,000,000 | EUR 5,000,000 | EUR 10,000,000 | Details available from the Company or the Management Company |
| **Subsequent Investment (if permitted in relation to a specific Fund)** | EUR 1,000 | Details available from the Company or the Management Company | EUR 1,000 | EUR 1,000 | EUR 1,000 | Details available from the Company or the Management Company |

[1] except for the Franklin Cat Bond UCITS Fund which has a minimum initial investment of EUR 10,000 (provided Investors also meet the characteristics described in the Investor Profile for this Fund) or the equivalent in any other freely exchangeable currency.

## HOW TO PURCHASE SHARES

**How to Apply**
Prospective Investors should complete an application form and send it together with applicable identification documents (as detailed in the application form) to the Transfer Agent 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 and/or the Transfer Agent 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 Transfer Agent 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.

Institutions acting as distributors subscribing for Shares in their own name and on behalf of underlying Investors are permitted to purchase Classes D1, D2, D3 and D4 Shares in their own name on behalf of Investors provided that they have received explicit prior approval from the Management Company to do so and do apply an agreed procedure to monitor the aging of these Shares.

By applying for Class I, IE, P1 and/or Class Y Shares, Investors represent to the Company and the Management Company that they qualify as one or more of the types of Institutional Investor(s) as listed in section "Share Classes" and undertake to indemnify the Company, the Management Company and/or any other entity of Franklin Templeton 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, the Transfer Agent and/or the Management Company.

**Instructions to Purchase**
Initial purchase instruction for Shares should be made on the standard application form or any other similar application form accepted by the Transfer Agent. For subsequent purchase in an existing Investor Portfolio (if permitted in relation to a specific Fund), 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 (if permitted in relation to a specific Fund) 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.

Shares of any Class in any Fund can be purchased on any Dealing Day with the purchase request remitted on the relevant Dealing Day, except for Franklin Cat Bond UCITS Fund which is subject to a three (3) Luxembourg Business Days prior notice.

The relevant KID must be provided to Investors prior to purchasing Shares. Where applicable, Brokers/Dealers are responsible for providing Investors with the appropriate KID. Please always contact your Broker/Dealer before purchasing Shares. If you do not have a Broker/Dealer you should contact the Management Company or your local Franklin Templeton office which will provide you with an electronic or paper copy of the relevant KID.

Subsequent purchase instructions (if permitted in relation to a specific Fund) 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 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);

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

(c) confirm that the relevant KID has been provided.

If there is any discrepancy between the name of the Fund(s), the Share Class, the Share Class ISIN code or the currency of the Fund(s) Share Class quoted in the instruction, the order will be executed on the basis of the ISIN code quoted.

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 and/or the Transfer Agent 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 EUR 100, or currency equivalent (plus any applicable entry charge) of the total amount invested, except for the Franklin Cat Bond UCITS Fund and Franklin Athena Uncorrelated Strategies UCITS Fund whose shares are generally offered at EUR 10. From launch date onwards and for purchase instructions received and accepted by the Transfer Agent 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 Transfer Agent 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 Transfer Agent (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 Transfer Agent 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, the Transfer Agent 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 with the redemption request remitted on the relevant Dealing, except for Franklin Cat Bond UCITS Fund which is subject to a seven (7) Luxembourg Business Days prior notice. Instructions to sell Shares should be submitted to the Transfer Agent 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 and/or the Transfer Agent 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 and/or the Management Company become 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 and/or the Management Company or (D) has a shareholding concentration which could, in the opinion of the Company and/or the Management Company, jeopardise the liquidity of the Company or any of its Funds qualifying as money market funds, the Company and/or the Management 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 and/or the Transfer Agent 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 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 EUR 1,000 (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 requests on any Valuation Day if the aggregate value of such sale requests received corresponds to more than 10% of the net asset value of the Shares of any Fund (the "Activation Threshold"). In these circumstances the sale of the Shares may be deferred for a period as the Company considers to be in the best interests of the Fund and its Shareholders. These instructions to sell will be executed in priority to later instructions. A Fund that decides to activate a redemption gate shall execute on a pro rata basis the sale requests from Shareholders for a given Valuation Day for an amount that corresponds to at least the level of the Activation Threshold.

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 Transfer Agent 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**

Except as provided below for Franklin Cat Bond UCITS Fund, a complete instruction to sell received and accepted by the Transfer Agent 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 or exit charge).

For Franklin Cat Bond UCITS Fund, for which selling instructions are subject to a seven (7) Luxembourg Business Days prior notice, a complete instruction to sell received and accepted by the Transfer Agent or by a duly authorised Distributor on any Dealing Day will be dealt with on the basis of the Net Asset Value per Share of the relevant Share Class to be determined on the Valuation Day following the end of seven (7) Luxembourg Business Days prior notice period.

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 to sell received and accepted by the Transfer Agent 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 or exit charge).

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) Dealing 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 Transfer Agent 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 as described in Appendix D, the liquidity of the Fund does not permit payment of sale proceeds within three (3) Dealing 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 or exit charge if the Shares are sold within a defined period of time from the issue of the Shares. Full details of CDSC or exit charge 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.

When used as a liquidity management tool, it shall only be activated to meet sales of Shares requested by Shareholders who qualify as professional investors under the Directive 2014/65/EU, and, in principle, if the sale in specie corresponds to a pro rata share of the assets held by the Fund.

## SWITCH OF 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.

Without prejudice to specific Share Class restrictions provided for in this section, Shares cannot be switched with Shares in any other Fund or Share Class during the relevant Principal Investment Period. No switch of Shares into a Share Class subject to CDSC is allowed after Maturity.

The Investors of the Franklin Cat Bond UCITS Fund may only switch their Holding in a Share Class of this Fund into another Share Class of this Fund to the extent they meet the applicable eligibility criteria. Instructions to switch into another Share Class of Franklin Cat Bond UCITS Fund are subject to a seven (7) Luxembourg Business Days prior notice and will be dealt with on the basis of the Net Asset Value per Share determined on the Valuation Day following the end of the seven (7) Luxembourg Business Days prior notice. No switch from a Share Class of another Fund will be permitted into a Share Class of the Franklin Cat Bond UCITS Fund. Switches in Franklin Cat Bond UCITS Fund are subject to a minimum of EUR 10,000.

**Classes A, A1, A2, E, E1, E2 and R Shares**
Without prejudice to specific Share Class restrictions provided for in this section, Class A, A1, A2, E, E1, E2 and R 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 A, A1, A2, E, E1, E2 and R Shares is only permitted to Investors instructing through certain distributors, Brokers/Dealers and/or professional investors which fulfil the Class A, A1, A2, E, E1, E2 and R Shares eligibility requirements as per the conditions laid down in section "Share Classes".

**Classes D1, D2, D3 and D4 Shares**
Class D1, D2, D3 and D4 Shares can only be switched with Class D1, D2, D3 and D4 Shares of another Fund which continues to issue Class D1, D2, D3 and D4 Shares of the same currency and subject to the same CDSC. The aging of the Shares will be carried over to the new Share Class and no CDSC is payable at the time of such switch. No other Share Class is permitted to switch into Class D1, D2, D3 and D4 Shares.

Attention of Investors is drawn to this restriction that may limit their possibility to acquire Shares of another Fund through switching because Class D1, D2, D3 and D4 Shares are not available in all Funds and the further issue of Class D1, D2, D3, D4 Shares of the same currency of any Fund may be suspended at any time by the Board of Directors.

**Classes I and IE Shares**
Without prejudice to specific Share Class restrictions provided for in this section, Class I and IE Shares can be switched with Shares in any other Fund or Share Class. Only Institutional Investors can switch their Shares into Class I and IE Shares.

**Class N Shares**
Without prejudice to specific Share Class restrictions provided for in this section, Class N Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for that Share Class.

**Class P1 Shares**
Without prejudice to specific Share Class restrictions provided for in this section, Class P1 Shares can be switched with Shares in any other Fund or Share Classes. Only Institutional Investors which fulfil the Class P1 Shares eligibility requirements as per the conditions laid down in section "Share Classes" can switch their Shares into Class P1 Shares.

**Class P2 Shares**
Without prejudice to specific Share Class restrictions provided for in this section, Class P2 Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for those Share Classes. Switching into Class P2 Shares is only permitted

to Investors instructing through Distributors, Brokers/Dealers, platforms, Institutional Investors and/or other Investors which fulfil the Class P2 Shares eligibility requirements as per the conditions laid down in section "Share Classes".

**Class S Shares**
Without prejudice to specific Share Class restrictions provided for in this section, Class S Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for those Share Classes. Switching into Class S Shares is only permitted to Investors instructing through certain distributors, Brokers/Dealers and/or professional Investors which fulfil the Class S Shares eligibility requirements as per the conditions laid down in section "Share Classes".

**Classes W and WE Shares**
Without prejudice to specific Share Class restrictions provided for in this section, Class W and WE Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for that Share Class. Switching into Class W and WE Shares is only permitted to Investors instructing through intermediaries, distributors, platforms and/or Brokers/Dealers which fulfil the Class W and WE Shares eligibility requirements as per 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 Transfer Agent 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 and/or the Transfer Agent 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 relevant KID must be provided to Investors prior to switching their Shares. Where applicable, Brokers/Dealers are responsible for providing Investors with the appropriate KID. Please always contact your Broker/Dealer before switching Shares. If you do not have a Broker/Dealer you should contact the Management Company or your local Franklin Templeton office which will provide you with an electronic or paper copy of the relevant KID.

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 www.franklintempleton.lu) and the confirmation that the relevant KID has been provided. If there is any discrepancy between the name of the Fund(s), the Share Class, the Share Class ISIN code or the currency of the Share Class quoted in the instruction, the instruction will be executed on the basis of the ISIN code quoted. Investors may switch Shares on any Dealing Day with the instruction to switch remitted on the relevant Dealing Day, except for Franklin Cat Bond UCITS Fund which is subject to a seven (7) Luxembourg Business Days' prior notice.

The minimum initial investment in the new Fund is EUR 1,000 (or currency equivalent). Any instruction which would result in a Holding balance being less than EUR 1,000 (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. Instructions to switch out of Franklin Cat Bond UCITS Fund will be dealt with on the basis of the Net Asset Value per Share determined on the Valuation Day following the end of the seven (7) Luxembourg Business Days' prior notice. 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 accept the switch requests on any Valuation Day if the aggregate value of such switch requests received corresponds to more than 10% of the net asset value of the Shares of any Fund (the "Activation Threshold"). In these circumstances the switch of the Shares may be deferred for a period as the Company considers to be in the best interests of the Fund and its Shareholders. These instructions to switch will be executed in priority to later instructions. A Fund that decides to activate a redemption gate shall execute on a pro rata basis the switch requests from Shareholders for a given Valuation Day for an amount that corresponds to at least the level of the Activation Threshold.

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 Transfer Agent 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 Transfer Agent 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 Transfer Agent 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 Transfer Agent 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 and/or the Transfer Agent 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 EUR 1,000 (or currency equivalent) the Company and/or the Management Company may redeem such Holding balance and pay the proceeds to the Investor.

Transfer of listed Shares will be effected in accordance with the Luxembourg Stock Exchange regulations.

The Shares are freely transferable. The Articles provide that the Board of Directors is entitled to impose restrictions as they may think necessary for the purposes of ensuring that no Shares are acquired or held by (a) any person in violation of or subject to the applicable laws or regulations of any country or government authority or (b) any person in circumstances which, in the opinion of the Board of Directors, might result in the Company incurring any liability of taxation or suffering any other disadvantage which the Company might not otherwise have incurred.

The Shares transferred may be subject to specific conditions, including CDSC or exit charge. 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.

Interim Share dividends may be paid upon a decision of the Board of Directors and/or the Management Company in relation to any of the Funds.
It is anticipated that distributions will be made under normal circumstances as set out in the table below:

| Share type | Share name | Payments |
|---|---|---|
| Accumulation Shares | A (acc), A1 (acc), A2 (acc), D1 (acc), D2 (acc), D3 (acc), D4 (acc), E (acc), E1 (acc), E2 (acc), I (acc), IE (acc), N (acc), P1 (acc), P2 (acc), R (acc), S (acc), W (acc), WE (acc) and 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), A1 (Mdis), A2 (Mdis), D1 (Mdis), D2 (Mdis), D3 (Mdis), D4 (Mdis), E (Mdis), E1 (Mdis), E2 (Mdis), I (Mdis), IE (Mdis), N (Mdis), P1 (Mdis), P2, (Mdis), R (Mdis), S (Mdis), W (Mdis), WE (Mdis) and Y (Mdis) | Under normal circumstances it is anticipated that distribution will be made monthly (following the end of each month). |
| | A (Qdis), A1 (Qdis), A2 (Qdis), D1 (Qdis), D2 (Qdis), D3 (Qdis), D4 (Qdis), E (Qdis), E1 (Qdis), E2 (Qdis), I (Qdis), IE (Qdis), N ( Qdis), P1 (Qdis), P2 (Qdis), R (Qdis), S (Qdis), W (Qdis), WE (Qdis) and Y (Qdis) | Under normal circumstances it is anticipated that distribution will be made quarterly (following the end of each calendar quarter). |

| | | |
|---|---|---|
| | A (Bdis), A1 (Bdis), A2 (Bdis), D1 (Bdis), D2 (Bdis), D3 (Bdis), D4 (Bdis), E (Bdis), E1 (Bdis), E2 (Bdis), I (Bdis), IE Bdis, N (Bdis), P1 (Bdis), P2 (Bdis), R (Bdis), S (Qdis), W (Bdis) WE (Bdis)- | Under normal circumstances it is anticipated that distribution will be made bi-annually (normally in April and in October each year). |
| | A (Ydis), A1 (Ydis), A2 (Ydis), D1 (Ydis), D2 (Ydis), D3 (Ydis), D4 (Ydis), E (Ydis), E1 (Ydis), E2 (Ydis), I (Ydis), IE (Ydis), N (Ydis), P1 (Ydis), P2 (Ydis), R (Ydis), S (Ydis), W (Ydis), WE (Ydis) and Y (Ydis) | Under normal circumstances it is anticipated that distribution will be made yearly (normally in April 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.

Investors' attention is drawn to the fact that dividends of registered Distribution Shares of the Funds will not be reinvested but will always be distributed and paid to the Investors, irrespective of the dividends' amount.

If permitted in relation to a specific Fund, dividends of registered Distribution Shares may 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[1]. 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[2]. 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 EUR 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 EUR 250 (or currency equivalent) or less cannot be paid to a registered Investor due to missing data or payment unable to be effected, the Company or the Management Company reserves the right, unless otherwise disclosed in a local supplement to the Prospectus, to automatically re-invest such dividends and any subsequent dividends to be paid in the purchase of further Distribution Shares of the Fund and Share Class to which such dividends relate until receipt of instructions in good order from the Investor.

If a dividend has been declared but not paid within a period of five (5) years, the Company will, as it is entitled to do under the laws of the Grand Duchy of Luxembourg, declare the dividend forfeited and such unpaid dividend will accrue for the benefit of the relevant Fund.

In respect of each dividend declared, the Board of Directors and/or the Management Company may determine if, and to what extent, such dividend is to be paid out of realised and unrealised capital gains and in the case of Funds which distribute income gross of expenses from initially subscribed capital, regardless of capital losses, increased or decreased, as the case may be, by the portion of investment income and capital gains attributable to Shares issued and to Shares redeemed.

**Share Classes with the suffix "dirc"**
Distributing Share Classes with the suffix "dirc" are offered as part of a currency Hedged Share Class.

Such Share Classes will normally pay dividends on a monthly basis in the currency of the relevant Hedged Share Class. The monthly dividend rate per Share will be variable and will be calculated based on the estimated gross annual yield of the relevant Fund's portfolio attributable to that Share Class and the addition of the estimated interest rate carry, when such carry is deemed to be positive.

The interest rate carry is based on the approximate Interest Rate Differential between the Hedged Share Class currency and the base currency of the Fund resulting from a currency hedging strategy. This is calculated using a 12-month rolling average of the differential between the 1 month FX forward rate and the spot rate of the two currencies at each month end. The Investment Manager may decide to distribute less than 100%, but will never aim to pay more than 100% of the estimated Interest Rate Differential.

Investors should be aware that "dirc" Share Classes give priority to dividends, rather than to capital growth and will typically distribute more than the income received by the Fund. As such, dividends may be paid out of capital, resulting in erosion of the capital invested. Investors are invited to consider more in particular the Class Hedging risk and Dividend Policy risk under the section "Risk Considerations".

**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, 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.

[1] With effect from 1 May 2027, this sentence will be amended as follows: "*Such further Distribution Shares will be issued on the dividend payment date at the Net Asset Value per Share of the relevant Share Class.*"
[2] With effect from 1 May 2027, this sentence will be removed.

## MANAGEMENT COMPANY REMUNERATION

Franklin Templeton International Services S.à r.l., for providing management company and ancillary services, receives an annual fee from the Company of up to 0.20% of the Net Asset Value of the relevant Share Class and an additional amount (consisting of a fixed and variable component) per Investor Holding at the relevant Class level over each one (1) year period. Such remuneration will be calculated and accrued daily and will be paid monthly in arrears. Management company and ancillary services include but are not limited to, the performance of investment risk management and governance services (including but not limited to monitoring activities on the performance of delegated activities of the Funds, compliance and legal services, money laundering controls, regulatory oversight, internal audit, corporate, domiciliary and administrative functions) for the Company. This annual fee covers 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 FTI 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: www.franklintempleton.lu, by selecting " About Us", "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.

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

The Management Company and/or the Investment Managers may, from time to time, pay a part of the investment management fee to various sub-distributors, intermediaries, brokers, professional investors and/or assimilated entities, which may or may not be part of Franklin Templeton. 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 its own research and analysis and makes available to it the views and information of individuals and research staffs of other firms. Such services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payment, which are paid by the Investment Managers.

The Investment Managers may enter, with Brokers/Dealers that are entities and not individuals, into soft commission arrangements only where there is a direct and identifiable benefit to the clients of the Investment Managers, including the Company, and where the Investment Managers are satisfied that the transactions generating the soft commissions are made in good faith, in strict compliance with applicable regulatory requirements and in the best interest of the Company. Any such arrangement must be made by the Investment Managers on terms commensurate with best market practice. The use of soft commissions shall be disclosed in the periodic reports.

## OTHER COMPANY CHARGES AND EXPENSES

The Principal Distributor may be entitled to receive any applicable entry charge, of up to 5.75% of the total amount invested, as further described in the section "Share Classes". The entry charge shall in no case exceed the maximum permitted by the laws, regulations and practice of any country where the Shares are sold.

The Principal Distributor may enter into contractual arrangements with various sub-distributors, intermediaries, Brokers/Dealers and/or professional investors for the distribution of Shares outside the United States of America. Payments of fees or commissions to various sub-distributors, Brokers/Dealers or other intermediaries may be made out of the maintenance charges, servicing charges or other related similar fees normally paid to the Principal Distributor, when such payments are expected to enhance the quality of the distribution or other services provided to the Investors, including but not limited to the improvement of the communication of ongoing information to Investors, the transaction processing or other shareholder and/or administrative services.

As remuneration for the services rendered to the Company as 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 0.01% to 0.14% of the Net Asset Values of the assets of the different Funds, with possible higher depositary annual fees for those Funds of the Company the investment objectives and policies of which provide for investments in equity securities of issuers in developing countries, as reflected in more detail in the Funds' relevant total expense

ratio (TER) and in the Company financial reports. Such fee will be calculated and accrued daily and will be paid monthly in arrears to the Depositary by the Company.

Such fees do not include normal banking and brokerage fees and commissions on transactions relating to the assets and liabilities of the Company as well as any reasonable out-of-pocket expenses incurred in connection with the Company, and chargeable to the Company and fees for other services as agreed from time to time. The amounts effectively paid will be shown in the Company's financial statements.

The Company bears its other operational costs including, but not limited to, the costs of buying and selling underlying securities, governmental and regulatory charges, legal and auditing fees, insurance premiums, interest charges, reporting and publication expenses, postage, telephone and facsimile expenses. All expenses are estimated and accrued daily in the calculation of the Net Asset Value of each Fund. The Company may, from time to time, pay certain fees to the Management Company for onward allocation to various sub-distributors, intermediaries, Brokers/Dealers and/or professional investors relating to placing certain Funds on sales platforms designed to bring about a wider distribution of Fund Shares. Such costs would only be allocated among the Funds placed on such platforms.

All charges and expenses pursuant to the above are exclusive of value added taxes or other taxes chargeable thereon, which should be paid by the Fund as required.

## SERVICING AND MAINTENANCE CHARGES

**Servicing Charge**
A servicing charge may be applicable depending on the Share Class invested in. The charge is applied to the average Net Asset Value and is paid to the Principal Distributor in order to compensate the Principal Distributor for any financing costs and expenses incurred by it in connection with sales of Shares and the handling of CDSC. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor.

The Company has committed to pay the Principal Distributor the servicing charge at the rates as provided in Appendix E, net of any taxes. In case any taxes would be payable on said amounts, the amount of servicing charge would be increased in a manner to ensure that the agreed amounts are paid net to the Principal Distributor. The Board of Directors has, at the date of this Prospectus, no reason to believe that any taxes are due or levied on the servicing charge.

Full details of servicing charges are provided in Appendix E.

**Maintenance Charge**
A maintenance charge of a certain percentage per annum of the applicable average Net Asset Value is deducted and paid to the Principal Distributor, in order to compensate the Principal Distributor for any expenses incurred by it in connection with Investors liaison and administration of the Shares. 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. A reduced tax rate of 0.01% may apply to Share Classes reserved for Institutional Investors.

The Company or any individual Fund thereof, may benefit from reduced subscription tax rates depending on the value of the relevant Fund's net assets invested in economic activities that qualify as environmentally sustainable within the meaning of Article 3 of the Taxonomy Regulation (the "Qualifying Activities"), except for the proportion of net assets of the Company or the relevant Fund invested in fossil gas and/or nuclear energy related activities.

The reduced subscription tax rates would be of:

- 0.04% if at least 5% of the total net assets of the Company, or of the relevant Fund, are invested in Qualifying Activities;
- 0.03% if at least 20% of the total net assets of the Company, or of the relevant Fund, are invested in Qualifying Activities;
- 0.02% if at least 35% of the total net assets of the Company, or of the relevant Fund, are invested in Qualifying Activities; and
- 0.01% if at least 50% of the total net assets of the Company, or of the relevant Fund, are invested in Qualifying Activities.

The subscription tax rates mentioned above would only apply to the net assets invested in Qualifying Activities.

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 in this regard.

**Luxembourg**
Investors are currently not subject to any capital gains, income, withholding, gift, estate, inheritance or other taxes in the Grand Duchy of Luxembourg (except for Investors domiciled, resident or having a permanent establishment in the Grand Duchy of Luxembourg).

**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"). 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 "CRS 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 units 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 the name, residence address, tax identification number(s), the date and place of birth, the country of tax residence(s), the account number (or functional equivalent), the account balance or value, the total gross amount paid or credited to the Shareholder by the Company (including any redemption payments) with respect to the account, as well as any other information required by applicable laws (i) of each Reportable Person that is an account holder, and (ii), in the case of a Passive NFE, of each Controlling Person that is a Reportable Person (the "CRS Personal Data"). The terms Reportable Person, Passive NFE and Controlling Person should have the meaning of the CRS Law.

The Company and, where applicable, the Investment Manager(s), and/or their respective affiliates and/or delegates are data controllers and process personal data of Shareholders and Controlling Persons as Reportable Persons for the purposes set out in the CRS Law.

CRS Personal Data may also be processed by the Company's data processors, which, in the context of CRS processing, may include the Administrative Agent.

The Company's ability to satisfy its reporting obligations under the CRS Law will depend on each Shareholder or Controlling Person providing the Company and/or, where applicable, the Investment Manager(s), and/or their respective affiliates and/or delegates with the CRS Personal Data, including information regarding direct or indirect owners of each Shareholder, along with the required supporting documentary evidence. Upon request of the Company (and/or where applicable, the Investment Manager(s), and/or their respective affiliates and/or delegates), each Shareholder or Controlling Person must provide the Company (and/or, where applicable, the Investment Manager(s), and/or their respective affiliates and/or delegates) with such information. Failure to do so within the prescribed timeframe may trigger a notification of the account to the Luxembourg Tax Authorities.

CRS Personal Data will be processed in accordance with the provisions of the Privacy Notice as described above under "Data Protection" section. Shareholders and Controlling Persons have a right to access any data reported to the Luxembourg Tax Authorities for the purpose of the CRS Law and, as the case may be, to have these data rectified in case of error.

**The foregoing is only a summary of the implications of Directive 2014/107/EU, the MCAA and the CRS 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 CRS Law.**

**FATCA**

The Foreign Account Tax Compliance Act ("FATCA"), which is an amendment to the U.S. Internal Revenue Code of 1986 (as amended, the "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, the Company, the Investment Manager(s) and/or their respective affiliates and/or delegates, 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.

The Company, the Investment Manager(s), and/or their respective affiliates and/or delegates are data controllers and may process personal data of Shareholders and Controlling Persons as reportable persons for FATCA purposes.

The Company, the Investment Manager(s) and/or their respective affiliates and/or delegates process personal data concerning Shareholders or their Controlling Persons for the purpose of complying with the Company's legal obligations under the FATCA Law. These personal data (the "FATCA Personal Data") includes data such as the name, date of birth, address, U.S. tax identification number, the country of tax residence and residence address, the account number (or functional equivalent), the account balance or value, the total gross amount paid or credited by the Company to the Shareholders (including redemption payments) during a given calendar year, and any other relevant information in relation to the Shareholders or their Controlling Persons for the purposes of the FATCA Law (the "FATCA Data").

FATCA Personal Data may also be processed by the Company's data processors which, in the context of FATCA processing, may include the Administrative Agent.

The Company's ability to satisfy its reporting obligations under the FATCA Law will depend on each Shareholder or Controlling Person providing the Company with the FATCA Personal Data, including information regarding direct or indirect owners of each Shareholder, along with the required supporting documentary evidence. Upon request of the Company (or, where applicable, a delegate or affiliate of the Company), each Shareholder or Controlling Person must provide the Company with such information. Failure to do so within the prescribed timeframe may trigger a notification of the account to the Luxembourg Tax Authorities.

FATCA Personal Data will be processed in accordance with the provisions of the Privacy Notice as described above under "Data Protection" section. Shareholders and Controlling Persons have a right to access any data reported to the Luxembourg Tax Authorities for the purpose of the FATCA Law and, as the case may be, to have these data rectified in case of error.

Shareholders and Controlling Persons should consult their own tax advisor or otherwise seek professional advice regarding the impact of the FATCA Law on their investment.

**DAC 6**

On May 25, 2018, the EU Council adopted Directive 2018/822 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation ("DAC6") that imposes mandatory disclosure requirements for certain EU cross-border tax arrangements which satisfy certain "hallmarks" provided for in DAC6 and which may have a tax advantage as the main or expected benefit (the "Reportable Arrangements"). In the case of a Reportable Arrangement, the information that must be reported includes, inter alia, the name of all relevant taxpayers and intermediaries as well as an outline of the Reportable Arrangement, the value of the Reportable Arrangement and identification of any member states likely to be concerned by the Reportable Arrangement. The reporting obligation in principle rests with persons that design, market, organize, make available for implementation or manage the implementation of the Reportable Arrangement (so called "intermediaries"). However, in certain cases, the taxpayer itself can be subject to the reporting obligation. The information reported will be automatically exchanged between the tax authorities of all EU Member States.

DAC6 was implemented into Luxembourg law on March 25, 2020 (the "DAC6 Law") and became applicable from July 1, 2020. Starting from January 1, 2021, Reportable Arrangements must be reported within thirty days from the earliest of: (i) the day after the Reportable Arrangement is made available for implementation; (ii) the day after the Reportable Arrangement is ready for implementation; or (iii) the day when the first step in the implementation of the Reportable Arrangement has been made. As a result, the Company may need to report in line with DAC6 Law.

Potential investors should consult their own tax advisors regarding all aspects of the implementation of these laws and directives as it affects their particular circumstances.

**OECD Pillar Two**

On 22 December 2022, the European Union adopted Council Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union (the "Pillar II Directive") which transposes the OECD's Global Anti Base Erosion rules within the European Union. The Pillar II Directive is based on the global minimum tax model rules published by the Group of Twenty (G20)/OECD inclusive framework on Base Erosion and Profit Shifting (BEPS) on 20 December 2021 ("OECD Inclusive Framework Model Rules"). The OECD Inclusive Framework Model Rules are designed to ensure that large multinational groups pay corporate income taxes at a minimum level of 15% in every country in which they operate.

EU Member States were required to transpose the Pillar II Directive into national law by 31 December 2023, with effect from 1 January 2024. Luxembourg has implemented the Pillar II Directive through the law of 22 December 2023 on effective minimum taxation, as amended by the law of 20 December 2024 (the "Luxembourg Pillar II Law"). The Luxembourg Pillar II Law closely follows the Pillar II Directive and incorporates the transitional safe harbour rules set out in the OECD guidance of December 2022.

Although sector specific exclusions have been proposed under the Luxembourg Pillar Two Law for investment funds, prospective investors should note that the Pillar Two rules may nevertheless result in additional tax being borne by the Fund and/or its investee companies. Consequently, the returns expected by the Shareholders may be adversely affected. In addition, the Fund may incur increased administrative and compliance burdens as a result of the Pillar Two rules.

The precise impact of these rules will need to be assessed on an ongoing basis, in particular in light of future OECD guidance, any amendments to the Luxembourg Pillar II Law and any guidance issued by the Luxembourg tax authorities.

**United Kingdom**
It is intended that certain Share Classes offered by the Company will meet the conditions to qualify as "reporting" for the purposes of the United Kingdom tax legislation relating to offshore funds. The annual reports to Investors will be made available on the Internet site: http://www.franklintempleton.co.uk. The list of such Share Classes may also be available on the above Internet site or may be obtained at the registered office of the Company.

**MEETINGS AND REPORTS**

The Annual General Meeting of Shareholders is held at the registered office of the Company on the last Thursday of August in each year at 3:30 p.m. or, if such day is not a Luxembourg Business Day, on the immediately following Luxembourg Business Day. If no publications are required by law or imposed by the Board of Directors, notices to shareholders may be communicated by registered mail, e-mail or any other means permitted by law. Notices of all meetings for which a publication is otherwise required will be published in the *d'Wort* or such other newspaper as the Board of Directors shall from time to time determine and in the *Recueil Electronique des Sociétés et Associations* (hereafter "RESA") at least fifteen (15) calendar days prior to the meeting.

Such notices may also be made available on Internet sites as the Board of Directors shall from time to time determine. They will include the agenda and specify the time and place of the meeting, the conditions of admission and will refer to the requirements of the laws of the Grand Duchy of Luxembourg with regard to the necessary quorum and majorities required for the meeting. The requirements as to attendance, quorum and majorities at all general meetings will be those laid down in Articles 450-1 and 450-3 of the law of 10 August 1915 (as amended) relating to commercial companies and in the Articles.

The audited annual reports and unaudited semi-annual reports will be available on the following Franklin Templeton Internet site, www.franklintempleton.lu, or may be obtained upon request at the registered office of the Company and the Management Company; they are only distributed to registered Shareholders in those countries where local regulation so requires. The complete audited annual reports and unaudited semi-annual reports are available at the registered office of the Company and the Management Company. The accounting year of the Company ends on 31 March of each year.

**INVESTOR VOTING RIGHTS**

At any general meetings of the Shareholders of the Company, each Shareholder will be entitled to one vote for each whole Share held, whatever Class and regardless of the Net Asset Value per Share within the Share Class(es).

A Shareholder of any particular Fund or Share Class will be entitled at any separate meeting of the Shareholders of that Fund or Share Class to one vote for each whole Share of that Fund or Share Class held, whatever Class and regardless of the Net Asset Value per Share within the Share Class(es).
In the case of joint Shareholders, only the first named Shareholder may vote, whom the Company may consider to be the representative of all joint Shareholders, except where a Shareholder has been expressly nominated by all joint Shareholders or where a written authority has been given.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Articles may be obtained at the registered office of the Company and the Management Company.

## APPENDIX A

## STANDARD DEALING CUT-OFF TIMES

Unless otherwise disclosed in a local supplement to the Prospectus, any agreement or marketing material, requests for purchase, sale or switch of Shares (the "Transactions") received by the Transfer Agent 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)

| 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 | 18:00 CET | 18:00 CET | 18:00 CET |

**Other Cut-Off time:**

| 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<br>. Germany<br>. Switzerland | 16:00 CET | 16:00 CET | 16:00 CET |
| . Singapore | 16:00 SGT | 16:00 SGT | 16:00 SGT |

**Electronic Dealing – Until 18 October 2026**
(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 |

**Electronic Dealing – As from 19 October 2026**
(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 | 16:00 ET | 16:00 ET | 12:00 ET |

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 www.franklintempleton.lu.

**Definition**

CET: Central European time
SGT: Singapore Standard time
ET: Eastern Time (USA)

## APPENDIX B

## INVESTMENT RESTRICTIONS

The Board of Directors has adopted the following restrictions relating to the investment of the Company's assets and its activities. These restrictions and policies may be amended from time to time by the Board of Directors if and as they shall deem it to be in the best interests of the Company in which case this Prospectus will be updated.

The investment restrictions imposed by Luxembourg law must be complied with by each Fund. Those restrictions in paragraph 1. E) below are applicable to the Company as a whole.

1. INVESTMENT IN TRANSFERABLE SECURITIES AND LIQUID ASSETS

a) The Company will invest in one or more of the following type of investments:

(i) transferable securities and money market instruments admitted to or dealt on a regulated market within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments;

(ii) transferable securities and money market instruments dealt on another market in a member state of the European Economic Area (a "Member State") which is regulated, operates regularly and is recognised and open to the public;

(iii) transferable securities and money market instruments admitted to official listing on a stock exchange in a non-EU Member State or dealt on another market in a non-EU Member State, which is regulated, operates regularly and is recognised and open to the public;

(iv) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on another regulated market, in the countries of the areas referred to under (i), (ii) and (iii) above, which operates regularly and is recognised and open to the public, and such admission is secured within a year of the purchase;

(v) units of UCITS and/or other UCIs, whether situated in a Member State or not, provided that:

- such other UCIs have been authorised under the laws of any EU Member State or under laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority to be equivalent to that laid down in EU law and that cooperation between authorities is sufficiently ensured,
- the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009,
- the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
- no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;

(vi) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the Luxembourg supervisory authority as equivalent to those laid down in EU law;

(vii) financial derivative instruments, including equivalent cash-settled instruments, dealt on a regulated market referred to in subparagraph (i) to (iv) above, and/or financial derivative instruments dealt over-the-counter ("OTC derivatives"), provided that:

- the underlying consists of instruments covered by this appendix under 1. A), financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to its investment objectives,
- the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority,
- the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative,

(viii) money market instruments other than those dealt on a regulated market and which fall under 1. A), if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
- issued by an undertaking any securities of which are dealt on regulated markets referred to above, or

- issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by the EU law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by EU law, or

- issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least 10 million Euro and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, is an entity which, within a group of companies which include one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

b) The Company may invest up to 10% of the net assets of any Fund in transferable securities and money market instruments other than those referred to in (a) above;

c) Each Fund of the Company may hold ancillary liquid assets;

d) (i) Each Fund of the Company may invest no more than 10% of its net assets in transferable securities and money market instruments issued by the same body. Each Fund of the Company may not invest more than 20% of its net assets in deposits made with the same body. The counterparty risk of a Fund in a derivative transaction that is not centrally cleared through a central counterparty authorised in accordance with Article 14 of Regulation (EU) No 648/2012 or recognised in accordance with Article 25 of that Regulation, shall not exceed 10% of its assets when the counterparty is a credit institution referred to in 1. A) (vi) above or 5% of its net assets in other cases.

(ii) The total value of the transferable securities and money market instruments held in the issuing bodies in each of which any Fund invests more than 5% of its net assets must not exceed 40% of the value of its assets. This limitation does not apply to deposits and derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph 1. D) (i), a Fund may not combine:

- investments in transferable securities or money market instruments issued by a single body,
- deposits made with a single body, and/or
- exposures arising from derivative transactions undertaken with a single body that are not centrally cleared through a central counterparty authorized in accordance with Article 14 of Regulation (EU) No 648/2012 or recognised in accordance with Article 25 of that Regulation,

in excess of 20% of its net assets.

(iii) The limit laid down under the first sentence of paragraph 1. d) (i) above shall be of 35% where the Fund has invested in transferable securities or money market instruments issued or guaranteed by a Member State, by its local authorities, by a non-Member State or by public international bodies of which one or more Member States are members.

(iv) The limit laid down under the first sentence of paragraph 1. d) (i) above shall be of 25% 1. for Covered bonds as defined under Article 3, point 1 of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of Covered bonds and Covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (hereafter "Directive (EU) 2019/2162"), and 2. for certain bonds when they are issued before 8 July 2022 by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds issued before 8 July 2022 must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

If a Fund invests more than 5% of its net assets in the bonds above and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of the Fund.

(v) The transferable securities and money market instruments referred to in paragraphs 1. D) (iii) and 1. D) (iv) are not included in the calculation of the limit of 40% referred to in paragraph 1. D) (ii).

The limit set out above under 1. D) (i), (ii), (iii) and (iv) may not be combined, and thus investments in transferable securities or money market instruments issued by the same body, in deposits or derivative instruments made with this body carried out in accordance with section 1. D) (i), (ii), (iii) and (iv) may not exceed a total of 35% of the net assets of the Fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained under 1. D). A Fund may cumulatively invest up to 20% of its net assets in transferable securities and money market instruments within the same group.

(vi) Without prejudice to the limits laid down in paragraph e), the limits laid down in this paragraph d) shall be 20% for investments in shares and/or bonds issued by the same body when the aim of a Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Luxembourg supervisory authority, provided:

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

The limit laid down in the subparagraph above is raised to 35% where it proves to be justified by exceptional market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant provided that investment up to 35% is only permitted for a single issuer.

(vii) **Where any Fund has invested in accordance with the principle of risk spreading in transferable securities and money market instruments issued or guaranteed by any EU Member State, its local authorities, or public international bodies of which one or more EU Member States are members, by any other State of the OECD, by Singapore or any member state of the G20, the Company may invest 100% of the assets of any Fund in such securities provided that such Fund must hold securities from at least six different issues and securities from one issue must not account for more than 30% of that Fund's net assets.**

e) The Company or any Fund may not invest in voting shares of companies allowing it to exercise a significant influence in the management of the issuer. Further, a Fund may acquire no more than (i) 10% of the non-voting shares of any single issuing body, (ii) 10% of the debt securities of any single issuing body, (iii) 25% of the units of any single collective investment undertaking, (iv) 10% of the money market instruments of any single issuing body. However, the limits laid down under (ii), (iii) and (iv) may be disregarded at the time of acquisition if, at that time, the gross amount of the bonds or of the money market instruments or the net amount of the instruments in issue cannot be calculated.

The limits under this section e) shall not apply to (i) transferable securities or money market instruments issued or guaranteed by a Member State, its local authorities, or public international bodies of which one or more Member States are members or by any other State, nor to (ii) shares held by the Company in the capital of a company incorporated in a State which is not a Member State investing its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that State, provided that, however, the Company, in its investment policy, complies with the limits laid down in Articles 43 and 46 and in paragraphs (1) and (2) of Article 48 of the Law of 17 December 2010.

f) (i) Unless otherwise provided in the investment policy of a specific Fund, each Fund will not invest more than 10% of its net assets in UCITS and other UCIs.

(ii) In the case restriction f) (i) above is not applicable to a specific Fund, as provided in its investment policy, such Fund may acquire units of UCITS and/or other UCIs referred to in paragraph 1. A) (v), provided that no more than 20% of a Fund's net assets be invested in the units of a single UCITS or other UCI.

For the purpose of the application of this investment limit, each compartment of a UCITS and/or other UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

(iii) Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net assets of a Fund.

(iv) When a Fund invests in the units of UCITS and/or other UCIs linked to the Company by common management or control, or by a substantial direct or indirect holding, no subscription or redemption fees may be charged to the Company on account of its investment in the units of such other UCITS and/or UCIs.

In respect of a Fund's investments in UCITS and other UCIs linked to the Company as described in the preceding paragraph, the total management fee (excluding any performance fee, if any) charged to such Fund and each of the UCITS or other UCIs concerned shall not exceed 2% of the value of the relevant investments. The Company will indicate in its annual report the total management fees charged both to the relevant Fund and to the UCITS and other UCIs in which such Fund has invested during the relevant period.

(v) A Fund may acquire no more than 25% of the units of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS/UCI concerned, all compartments combined.

(vi) The underlying investments held by the UCITS or other UCIs in which the Funds invest do not have to be considered for the purpose of the investment restrictions set forth under 1. D) above.

g) A Fund may subscribe, acquire and/or hold shares to be issued or issued by one or more other Funds without the Fund being subject to the requirements of the law of 10 August 1915 on commercial companies (as amended) with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the conditions however that:

(i) the target Fund does not, in turn, invest in the Fund invested in this target Fund; and

(ii) no more than 10% of the assets that the target Fund whose acquisition is contemplated may be invested in units of UCITS and/or other UCIs; and

(iii) voting rights, if any, attaching to the shares of the target Fund are suspended for as long as they are held by the Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and

(iv) in any event, for as long as these shares are held by the Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by the Law of 17 December 2010; and

(v) there is no duplication of management/entry or sale charges between those at the level of the Fund having invested in the target Fund, and this target Fund.

h) The Company may not (i) acquire for the benefit of any Fund securities which are partly paid or not paid or involving liability

(contingent or otherwise) unless according to the terms of issue such securities will or may at the option of the holder become free of such liabilities within one year of such acquisition and (ii) underwrite or subunderwrite securities of other issuers for any Fund.

i) The Company may not purchase or otherwise acquire any investment in which the liability of the holder is unlimited.

j) The Company may not purchase securities or debt instruments issued by the Investment Managers or any connected person or by the Management Company. For the purpose of this investment restriction, the term "connected person" shall refer to any affiliate and subsidiary that is directly or indirectly owned by FTI.

k) The Company may not purchase any securities on margin (except that the Company may, within the limits set forth in clause 2. E) below, obtain such short term credit as may be necessary for the clearance of purchases or sales of securities) or make uncovered sales of transferable securities, money market instruments or other financial instruments referred to above; except that the Company may make initial and maintenance margin deposits in respect of futures and forward contracts (and options thereon).

**2. INVESTMENT IN OTHER ASSETS**

a) The Company may not purchase real estate, nor acquire any options, rights or interest in respect thereof, provided that the Company may invest for the account of any Fund in securities secured by real estate or interest therein or in securities of companies investing in real estate.

b) The Company may not make investments in precious metals or certificates representing them.

c) The Company may not enter into direct commodities transactions or commodity contracts, except that the Company may, in order to hedge risk, enter into financial futures on such transactions within the limits laid down in clause 3 below.

d) The Company may not make loans to other persons or act as a guarantor on behalf of third parties or assume, endorse or otherwise become directly or contingently liable for, or in connection with, any obligation or indebtedness or any person in respect of borrowed monies, provided that for the purpose of this restriction:

(i) the acquisition of bonds, debentures or other corporate or sovereign debt obligations (whether wholly or partly paid) and investment in securities issued or guaranteed by a member country of the OECD or by any supranational institution, organisation or authority, short-term commercial paper, certificates of deposit and bankers' acceptances of prime issuers or other traded debt instruments shall not be deemed to be the making of a loan; and

(ii) the purchase of foreign currency by way of a back-to-back loan shall not be deemed to be the making of a loan.

e) The Company may not borrow for the account of any Fund, other than amounts which do not in aggregate exceed 10% of the net assets of the Fund, taken at market value and then only as a temporary measure. The Company may, however, acquire foreign currency by means of a back-to-back loan.

f) The Company may not mortgage, pledge, hypothecate or in any manner transfer as security for indebtedness, any of the securities or other assets of any Fund, except as may be necessary in connection with the borrowings mentioned in clause e) above. The purchase or sale of securities on a when-issued or delayed-delivery basis, and collateral arrangements with respect to the writing of options or the purchase or sale of forward or futures contracts are not deemed the pledge of the assets.

**3. FINANCIAL DERIVATIVE INSTRUMENTS**

The Company may use financial derivative instruments for investment, hedging and efficient portfolio management purposes, within the limits of the Law of 17 December 2010. Under no circumstances shall the use of these instruments and techniques cause a Fund to diverge from its investment policy.

Each Fund may invest in financial derivative instruments within the limits laid down in clause 1. A) (vii) provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in clause 1. D) (i) to (v). When a Fund invests in index-based financial derivative instruments, these investments do not have to be combined in respect of the limits laid down in clause 1. D). A regular review and a rebalancing of the composition of the underlying index of such financial derivative instruments are performed on such frequency determined by the promoter of the relevant index but which, for avoidance of any doubt, cannot be daily or intra-daily. The impact of the rebalancing frequency on the costs borne by the relevant Funds in the context of the performance of their investment objective is expected to remain minimal. In accordance with CSSF circular 14/592, further details on the components of these financial indices and on the review and rebalancing frequency of those financial indices are available, upon request and free of charge, at the registered office of the Company and the Management Company (see the contact details contained in the "Administrative Information" section of this Prospectus).When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this restriction.

The Company on behalf of a relevant Fund may only choose swap counterparties that are first class financial institutions selected by the Board of Directors and that are subject to prudential supervision and belonging to the categories approved by the CSSF for the purposes of OTC derivative transactions and specialised in these types of transactions.

As the case may be, collateral received by each Fund in relation to OTC derivative transactions may offset net exposure to the counterparty if it complies with the criteria set out in applicable laws, regulations and circulars issued by the CSSF from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability. Collateral primarily consist of cash and highly rated sovereign bonds. Collateral value is reduced by a percentage (a "haircut") which provides for short term fluctuations in the value of the collateral. The types of asset used as eligible collateral exchanged will vary based on the agreement with each counterparty, and typically consist of cash, US Treasury bills or US government agency bonds supported by the full faith and credit of the US government and/or core Eurozone sovereign or agency debt. The eligible collateral and corresponding haircut used for each type of asset is consistent with the requirements of Commission Delegated Regulation (EU) 2016/2251 of 4 October 2016 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to

regulatory technical standards for risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty (more commonly referred to as the "EU uncleared OTC derivatives margin regulation"), as may be amended or supplemented from time to time. Net exposures are calculated daily by counterparty and are subject to the terms of the agreements, which include a minimum transfer amount which is typically less than Euro 500,000. The minimum transfer amount provides a threshold, below which, no collateral is exchanged. If the counterparty's net exposure to the Fund exceeds the minimum transfer amount the Fund will be required to post collateral to the counterparty. Collateral levels may fluctuate between the Fund and the counterparty depending on the market movement of the exposure.

Non-cash collateral received is not sold, reinvested or pledged. Cash collateral may be reinvested if reinvestment is consistent with the provisions established in the Credit Support Annex ("CSA") of the International Swaps and Derivatives Association Master Agreement ("ISDA Master Agreement") executed with the relevant counterparty and provided that any reinvestment is consistent with the risk diversification requirements detailed in Appendix B "Investment Restrictions" in (a) shares or units issued by short term money market undertakings for collective investment as defined in the Guidelines on a Common Definition of European Money Market Funds, (b) deposits with credit institutional having its registered office in a Member State or with a credit institution situated in a non-Member State provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, (c) high quality government bonds that are deemed eligible collateral according to the terms of the CSA of the ISDA Master Agreement, and (d) reverse repurchase agreement transactions provided the transactions are with credit institutions subject to the prudential supervision and the Company may recall at any time the full amount of cash on accrued basis. The Company has policies with respect to the reinvestment of collateral (specifically, that derivatives or other instruments that may contribute to leverage may not be used) such that it would not impact the Global Exposure calculation.

In accordance with the criteria laid down in the precedent paragraph, a Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by any EU Member State, its local authorities, or public international bodies of which one or more EU Member States are members, by any other State of the OECD, by Singapore or any member state of the G20, provided that such Fund holds securities at least from six different issues and that any single issue must not account for more than 30% of such Fund's net assets.

The Global Exposure relating to financial derivative instruments is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions.

The Company shall ensure that the Global Exposure of each Fund relating to financial derivative instruments does not exceed the total net assets of that Fund. The Fund's overall risk exposure shall consequently not exceed 200% of its total net assets. In addition, this overall risk exposure may not be increased by more than 10% by means of temporary borrowings (as referred to in clause 2. E) above) so that it may not exceed 210% of any Fund's total net assets under any circumstances.

The Funds apply either the Value-at-Risk (VaR) or the Commitment Approach to calculate their Global Exposure, whichever is deemed to be appropriate.

When the investment objective of a Fund indicates a benchmark against which the performance might be compared, the method used to calculate the Global Exposure may consider a different benchmark than the one mentioned for performance or volatility purposes in said Fund's investment objective.

Currency Hedging

The Company may, in respect of each Fund, for the purpose of hedging currency risks, have outstanding commitments in forward currency contracts, currency futures, written call options and purchased put options on currencies and currency swaps either quoted on an exchange or dealt in on a regulated market or entered into with highly rated financial institutions.

Subject to the implementation of the currency hedging techniques below, commitments in one currency may not exceed the aggregate value of securities and other assets held by the relevant Fund denominated in such currency (or other currencies that fluctuate in a substantially similar manner to such currency).

In this context, the Company may, in respect of each Fund, engage in the following currency hedging techniques:

- hedging by proxy, i.e. a technique whereby a Fund effects a hedge of the reference currency of the Fund (or benchmark or currency exposure of the assets of the Fund) against exposure in one currency by instead selling (or purchasing) another currency closely related to it, provided however that these currencies are indeed likely to fluctuate in the same manner. Guidelines followed in determining that one currency moves in a substantially similar manner to another currency include the following: i) the correlation of one currency to another currency is proven over a significant period of time to be over 85%; ii) the two currencies are, by explicit government policy, scheduled to participate in European Monetary Union on a set future date (which would include using the Euro itself as a proxy for hedging bond positions denominated in other currencies scheduled to become part of the Euro on a set future date); and iii) the currency used as the hedging vehicle against the other currency is part of a currency basket against which the central bank for that other currency explicitly manages its currency within a band or corridor that is either stable or sloping at a predetermined rate;

- cross–hedging, i.e. a technique whereby a Fund sells a currency to which it is exposed and purchases more of another currency to which the Fund may also be exposed, the level of the base currency being left unchanged, provided however that all such currencies are currencies of the countries which are at that time within the Fund's benchmark or investment policy and the technique is used as an efficient method to gain the desired currency and asset exposures;

- anticipatory hedging, i.e. a technique whereby the decision to take a position on a given currency and the decision to have some securities held in a Fund's portfolio denominated in that currency are separate, provided however that the currency which is bought in anticipation of a later purchase of underlying portfolio securities is a currency associated with those countries which are within the Fund's benchmark or investment policy.

**Total return swaps transactions**

A Fund which is authorised as per its investment policy to invest in total return swaps but which does not enter into such transactions as of the date of this Prospectus may however enter into total return swaps transactions provided that the maximum proportion of the net assets of that

Fund that could be subject to such transactions does not exceed 30% and that the relevant section relating to this individual Fund is updated accordingly at the next available opportunity. In such cases, the counterparty to the transaction will be a counterparty approved and monitored by the Management Company or the Investment Manager. At no time will a counterparty in a transaction have discretion over the composition or the management of a Fund's investment portfolio or over the underlying of the total return swap. While there are no predetermined legal status or geographical criteria applied in the selection of the counterparties, these elements are typically taken into account in the selection process.

The following types of assets can be subject to total return swaps: equity, currency and/or commodity indices (such as, but not limited to Morgan Stanley Balanced Ex Energy Index, Morgan Stanley Balanced Ex Grains Index, Morgan Stanley Balanced Ex Industrial Metals Index, Morgan Stanley Balanced Ex Precious Metals Index or Morgan Stanley Balanced Ex Softs Index), volatility variance swaps as well as fixed income, most notably high yield corporate and bank loan related exposures.

The risk of counterparty default and the effect on investors returns are more fully described under section "Risk Considerations".

Where a Fund enters into total return swaps transactions as of the date of this Prospectus, the expected proportion of such Fund's net assets that could be subject to total return swaps transactions shall be calculated as the sum of notionals of the derivatives used and is set out in the "Fund information, objectives and investment policies" section of the relevant Fund. If and when a Fund enters into total return swaps transactions, it is for the purpose of generating additional capital through the change in value of the underlying reference asset and receipt of any income generated by the reference asset and/or to mitigate investment risk within the portfolio through taking a short position on an underlying reference asset.

All revenues arising from total return swaps transactions will be returned to the relevant Fund, and the Management Company will not take any fees or costs out of those revenues additional to the investment management fee for the relevant Fund as set out under section "Investment Management Fees".

**4. USE OF TECHNIQUES AND INSTRUMENTS RELATING TO TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS**

**a) Repurchase and reverse repurchase agreement transactions**

(i) Types and purpose

To the maximum extent allowed by, and within the limits set forth in, the Law of 17 December 2010 as well as any present or future related Luxembourg laws or implementing regulations, circulars and the Luxembourg supervisory authority's positions (the "Regulations"), in particular the provisions of (i) article 11 of the Grand-Ducal regulation of 8 February 2008 relating to certain definitions of the Luxembourg Law of 20 December 2002 on undertakings for collective investment and of (ii) CSSF Circulars 08/356 and 14/592, a Fund may for the purpose of generating additional capital or income or for reducing costs or risks enter, either as purchaser or seller, into optional as well as non-optional repurchase and reverse repurchase agreement transactions.

As the case may be, collateral received by a Fund in relation to any of these transactions may offset net exposure by the counterparty if it complies with the criteria set out in applicable laws, regulations and circulars issued by the CSSF from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability as further set out below.

The form and nature of the collateral will primarily consist of cash and highly rated sovereign fixed income securities that meets particular ratings criteria. The collateral received by the Fund in respect of repurchase or reverse repurchase agreement transactions may be US Treasury bills or US government agency bonds supported by the full faith and credit of the US government and/or core Eurozone sovereign or agency debt rated AA- or above. Acceptable tri-party collateral used in relation to the Custodial Undertaking in connection with the Master Repurchase agreement include, US Treasuries (Bill, Notes, and Bonds), and the following Government Sponsored Agencies: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corp (FHLMC), and Federal Farm Credit System (FFCB).

The collateral shall have a final maturity of no more than 5 years from the date the repurchase transaction is entered.

The value of the securities received or posted as collateral shall also be equal to, or greater than, 102% of the amount of the repurchase, reverse repurchase transaction. The additional collateral, above 100% provides for short term fluctuations in the value of the collateral. Net exposures are calculated daily by the counterparty and subject to the terms of the agreements, including a minimum transfer amount. Collateral levels may fluctuate between the Fund and the counterparty depending on the market movement of the exposure.

Non-cash collateral received is not sold, reinvested or pledged.

Cash collateral received by a Fund in relation to any of these transactions may be reinvested in a manner consistent with the investment objectives of such Fund and with the risk diversification requirements detailed in Appendix B "Investment Restrictions" in:

a) shares or units issued by short term money market undertakings for collective investment as defined in Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds, as it may be amended or supplemented from time to time,

b) deposits with credit institutional having its registered office in a Member State or with a credit institution situated in a non-Member State provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law,

c) high quality government bonds, and

d) reverse repurchase agreement transactions provided the transactions are with credit institutions subject to the prudential supervision and the Company may recall at any time the full amount of cash on accrued basis.

The Company has policies with respect to the reinvestment of collateral (specifically, that derivatives or other instruments that may contribute to leverage may not be used) such that it would not impact the Global Exposure calculation.

In accordance with the criteria laid down in the precedent paragraph, a Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by any EU Member State, its local authorities, or public international bodies of which one or more EU Member States are members, by any other State of the OECD, by Singapore or any member state of the G20, provided that such Fund holds securities at least from six different issues and that any single issue must not account for more than 30% of such Fund's net assets.

(ii) Limits and conditions

– **Repurchase and reverse repurchase agreement transactions**

The counterparties to repurchase and reverse repurchase agreement transactions are selected following an initial analysis, and subsequent annual review thereafter, of financial statements, company announcements, credit ratings and other market information which includes general market movements. While there are no predetermined legal status, credit rating or geographical criteria applied in the selection of the counterparties, these elements are typically taken into account in the selection process. The volume of the repurchase or reverse repurchase agreement transactions of a Fund shall be kept at a level such that the Fund is able, at all times, to meet its redemption obligations towards shareholders. Further, a Fund must ensure that, at maturity of the repurchase or reverse repurchase agreement transactions, it has sufficient assets to be able to settle the amount agreed with the counterparty for the restitution of the securities to the Fund. Any incremental income generated from the repurchase or reverse repurchase agreement transactions will be accrued to the relevant Fund.

Any type of assets allowed by the investment policy of the relevant Fund may be subject to a repurchase or reverse repurchase agreement.

Where a Fund enters into repurchase or reverse repurchase agreement transactions as of the date of this Prospectus, the expected proportion of such Fund's net assets that could be subject to repurchase or reverse repurchase agreement transactions is set out in the "Fund Information, Objectives and Investment Policies" section of the relevant Fund.

The risks related to the use of, and the effect of, repurchase and reverse repurchase agreement transactions on investors returns are more fully described under section "Risk Considerations".

– **Costs and revenues of repurchase and/or reverse repurchase agreement transactions**

Direct and indirect operational costs and fees arising from repurchase and/or reverse repurchase agreement transactions may be deducted from the revenue delivered to the relevant Fund. These costs and fees shall not include hidden revenue. The annual report of the Company shall contain details of the revenues arising from repurchase agreement and/or reverse repurchase transactions for the entire reporting period together with the direct and indirect operational costs and fees incurred. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers or other financial institutions or intermediaries and may be related parties to the Management Company and/or the Depositary.

All revenues arising from repurchase and/or reverse repurchase agreement transactions will be returned to the relevant Fund, and the Management Company will not take any fees or costs out of those revenues additional to the investment management fee for the relevant Fund as set out under section "Investment Management Fees".

(iii) Conflicts of Interest

No conflicts of interest to note. The Investment Manager of the relevant Fund does not intend to lend the securities of the Fund to its related corporations.

(iv) Collateral

Collateral received by the relevant Fund may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and circulars issued by the CSSF from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:

(a) Any collateral received other than cash should be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;

(b) It should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;

(c) It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;

(d) It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the Fund's net asset value to any single issuer on an aggregate basis, taking into account all collateral received. By way of derogation, a Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a EU Member State, one or more of its local authorities, a third country, or a public international body to which one or more EU Member States belong. In such event, the relevant Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Fund's net asset value;

(e) It should be capable of being fully enforced by the relevant Fund at any time without reference to or approval from the counterparty;

(f) Where there is a title transfer, the collateral received will be held by the Depositary in accordance with the Depositary's safekeeping duties under the Depositary Agreement. For other types of collateral arrangements, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral;

(g) Collateral received shall have a quality of credit of investment grade.

Collateral will be valued on each Valuation Day, using the last available market prices and taking into account appropriate discounts determined for each asset class based on the applicable haircut policy. The collateral will be marked to market daily and depending on the current market exposure and collateral balance, the collateral may be subject to variation margin movement when and if certain predetermined thresholds are crossed.

**b) Securities lending, buy/sell-back, sell/buy-back and margin lending transactions**

As of the date of this Prospectus, the Company does not participate and has no intention to participate in securities or commodities lending or borrowing transactions, buy-sell back or sell-buy back transactions or margin lending transactions as defined by the SFT Regulation. If the Company enters into any such transactions in the future, the Prospectus will be amended in accordance with the SFT Regulation.

**5. ADDITIONAL LOCAL RESTRICTIONS**

a) If and for so long as the Company is authorised by the Monetary Authority of Singapore (MAS) in Singapore and in respect of any Fund registered with it, investments in non-UCITS UCIs shall not exceed 10% of a Fund's total net assets.

b) If and for so long as a Fund accepts investment by The Central Provident Fund (CPF), the CPF Investment Guidelines issued by the Central Provident Fund Board of Singapore, which guidelines may be amended from time to time, shall be applicable to it.

## RISK MANAGEMENT

The Management Company employs a risk-management process, which enables it to monitor and measure at any time the risk of the positions of the Company and their contribution to the overall risk profile of each Fund's portfolio. The Management Company and the Investment Managers employ a process for accurate and independent assessment of the value of OTC derivative instruments.

Upon request of an investor, the Management Company will provide supplementary information relating to the quantitative limits that apply in the risk management of each Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments.

## APPENDIX C

## ADDITIONAL INFORMATION

1. The Company is an investment company with limited liability organised as a société anonyme under the laws of the Grand Duchy of Luxembourg and is qualified as a *société d'investissement à capital variable*. The Company was incorporated in Luxembourg on 15 February 2017, for an undetermined period. The Articles were published in the RESA on 21 February 2017. The Company is registered with the Registre de Commerce et des Sociétés de et à Luxembourg, under number B212724. 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 it is required by the interests of the Shareholders of the Fund concerned. The decision of the liquidation will be published or notified, if appropriate, by the Company prior to the liquidation and the publication and/or notification will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board of Directors otherwise decides in the interests of, or to keep equal treatment between, the Shareholders, the Shareholders of the Fund concerned may continue to request sale or switch of their Shares. Assets which could not be distributed to their beneficiaries upon the close of the liquidation period of the Fund will be deposited with the *Caisse de Consignation* on behalf of their beneficiaries. 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.

In all other circumstances or where the Board of Directors determines that the decision should be submitted for Shareholders' approval, the decision to liquidate a Fund may be taken at a meeting of Shareholders of the Fund to be liquidated. At such Fund meeting, no quorum shall be required and the decision to liquidate will be taken by simple majority of the votes cast.

Any merger of a Fund shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for a merger to a meeting of Shareholders of the Fund concerned. No quorum is required for this meeting and decisions are taken by the simple majority of the votes cast.

In case of a merger of one or more Funds where, as a result, the Company ceases to exist, the merger shall be decided by a meeting of Shareholders for which no quorum is required and that may decide with a simple majority of the votes cast. In addition, the provisions on mergers of UCITS set forth in the Law of 17 December 2010 and any implementing regulation (relating in particular to the notification of the shareholders) shall apply.

The Board of Directors may also, under the circumstances provided above in the first paragraph of point 4., decide the reorganisation of any Fund by means of a division into two or more separate Funds. To the extent required by Luxembourg law, such decision will be published or notified, if appropriate and, in addition, the publication or notification will contain information in relation to the Funds resulting from the reorganisation.

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

In the circumstances provided above in the first paragraph, the Board of Directors may also, subject to regulatory approval (if required), decide to consolidate or split any Share Classes within a Fund. To the extent required by Luxembourg law, such decision will be published or notified and the publication and/or notification will contain information in relation to the proposed split or consolidation. The Board of Directors may also decide to submit the question of the consolidation or split of Share Class to a meeting of holders of such Share Class. No quorum is required for this meeting and decisions are taken by the simple majority of the votes cast.

5. As a matter of policy, the Management Company aims to exercise the voting rights that may be associated with the Company's various investments in transferable securities. To this extent, the Management Company has delegated the authority to vote proxies related to the portfolio securities held by the Company to the relevant Fund's Investment Manager(s) and Sub-Investment Manager(s) who may be Franklin Templeton entities or not. Proxy voting records are available free of charge and upon request at the registered office of the Company and the Management Company.

## APPENDIX D

## DETERMINATION OF THE NET ASSET VALUE OF SHARES

### CALCULATION OF THE NET ASSET VALUE

The Net Asset Value per Share ("NAV") of each Share Class of each Fund shall be expressed in the currency of the relevant Fund or of the relevant Class as a per Share figure, and shall be determined in respect of any Valuation Day by dividing the net assets of the Company corresponding to each Share Class of each Fund, being the value of the assets of the Company corresponding to such Fund less liabilities attributable to such Fund, by the number of Shares then outstanding and shall be rounded up or down to two decimal places as the Board of Directors may decide.

### VALUATION

The assets of the Company shall be deemed to include:

(a) all cash on hand or on deposit, including any interest accrued thereon;

(b) all bills and demand notes and accounts receivable (including proceeds of securities sold but not delivered);

(c) all bonds, time notes, shares, stock, debenture stocks, subscription rights, warrants, options and other derivative instruments, units or shares of undertakings for collective investment and other investments and securities owned or contracted for by the Company;

(d) all stock, dividends, cash dividends and cash distributions receivable by the Company and to the extent known by the Company (provided that the Company may make adjustments with regard to fluctuations in the market value of securities caused by trading ex-dividends, ex-rights, or by similar practices);

(e) all interest accrued on any interest-bearing securities owned by the Company, except to the extent that the same is included or reflected in the principal amount of such security;

(f) the formation expenses of the Company in so far as the same have not been written off; and

(g) all other assets of every kind and nature, including prepaid expenses.

Total liabilities include:

(a) all loans, bills and accounts payable;

(b) all accrued or payable administrative expenses (including investment management and/or advisory fees, depositary fees, and corporate agents' fees);

(c) all known liabilities, present and future, including all matured contractual obligations for payments of money or property, including the amount of any unpaid dividends declared by the Company where the Valuation Day falls on the record date for determination of the person entitled thereto or is subsequent thereto;

(d) an appropriate provision for future taxes based on capital and income to the Valuation Day, as determined from time to time by the Company, and other provisions, if any, authorised and approved by the Board of Directors covering among other liabilities liquidation expenses; and

(e) all other liabilities of the Company of whatsoever kind and nature except liabilities represented by Shares in the Company. In determining the amount of such liabilities the Company shall take into account all relevant expenses payable by the Company comprising formation expenses, fees and expenses at the accounts, fees payable to the Management Company for the performance of its various services and for those rendered by the Investment Managers and/or investment advisers, the Depositary and local Paying Agents and permanent representatives in places of registration as well as costs incurred in obtaining and maintaining registrations in different countries, any other agent employed by the Company, fees for facilities services, fees for company secretary services, fees for legal and auditing services, insurance premiums, printing, reporting and publishing expenses, including the cost of preparing and printing of the prospectuses, KIDs, explanatory memoranda or registration statements, taxes or governmental charges, all other operating expenses, including the cost of buying and selling assets, interest, bank charges and brokerage, postage, telephone and facsimile. The Company 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 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 Board of Directors. Short-dated debt transferable securities and money market instruments not traded on a regulated exchange are usually valued on an amortised cost basis.

Since the Company may, in accordance with the investment restrictions set forth in Appendix B above, invest in securities that are restricted, unlisted, traded infrequently, thinly traded, or relatively illiquid, there is the possibility of a differential between the last available market prices for one or more of those securities and the latest indications of market values for those securities. The Management Company and/or 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.

The application of fair value pricing procedures represents a good faith determination based upon specifically applied procedures. There can be no assurance that the Company could obtain the fair value assigned to a security if it were able to sell the security at approximately the time at which the Management Company 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 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. Absent a dilution adjustment, the price at which the subscriptions or redemptions are effected would not reflect the costs of dealing in the underlying investments of the Fund to accommodate large cash inflows or outflows, including dealing spreads, market impact, commissions and transfer taxes. The 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.

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 adjustment will be applicable to all transactions on the relevant Dealing Day.

Consideration will also be given to the application of swing pricing on subscriptions where a Fund is in its early life cycle or growth phase and assets are not yet at optimal scale, when the perceived benefits of receiving subscription money and the subsequent increasing of the Fund’s assets are deemed to be of the overall benefit of the existing shareholders in the Fund.

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/invest-with-us/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/or the purchase and sale of the Shares and the switch of Shares from and to such Fund during:

   (a) any period when any of the principal stock exchanges or markets of which any substantial portion of the investments of the Company attributable to such Fund from time to time are quoted is closed, or during which dealings therein are restricted or suspended; or

   (b) the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of assets owned by the Company attributable to such Fund would be impracticable; or

   (c) any breakdown or restriction in the means of communication normally employed in determining the price or value of any of the investments of any particular Fund or the current price or values on any stock exchange or market; or

   (d) any period when the Company is unable to repatriate funds for the purpose of making payments due on sale of such Shares or any period when the transfer of funds involved in the realisation or acquisition of investments or payments due on sale of such Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange; or

   (e) any period when the Net Asset Value of Shares of any Fund may not be determined accurately; or

   (f) during any period when in the opinion of the Board of Directors there exists unusual circumstances where it would be impractical or unfair towards the Investors to continue dealing in the Shares of any Fund or circumstances where a failure to do so might result in the Investors or a Fund incurring any liability to taxation or suffering other pecuniary disadvantage or other detriment which the Investors or a Fund might not otherwise have suffered; or

   (g) if the Company or a Fund is being or may be wound-up, on or following the date on which such decision is taken by the Board of Directors or notice is given to Shareholders of a general meeting at which a resolution to wind-up the Company or a Fund is to be proposed; or

   (h) in the case of a merger, if the Board of Directors deems this to be justified for the protection of the Shareholders; or

   (i) in the case of a suspension of the calculation of the net asset value of one or several underlying investment funds in which a Fund has invested a substantial portion of assets.

2. In accordance with the Law of 17 December 2010, the issue and redemption of Shares shall be prohibited:
   (i) during the period where the Company has no depositary; and
   (ii) where the Depositary is put into liquidation or declared bankrupt or seeks an arrangement with the creditors, a suspension of payment or a controlled management or is the subject of similar proceedings.

3. Any such suspension shall be publicised by the Company and shall be notified to Shareholders requesting purchase, sale or switching, if permitted, of their Shares by the Company at the time of the filing of the irrevocable written request for such purchase, sale or switch.

In accordance with applicable laws and regulations, the suspension of purchases, sales and switches will apply simultaneously and to all Share Classes and Shareholders of a Fund. A suspension of purchases, sales and switches of Shares shall be temporary, strictly limited to the period necessary to address the exceptional circumstances that justify this suspension, and may only be implemented where it is duly justified having regards to the best interests of Shareholders. During the period where purchases, sales and switches are suspended, the Company may continue to calculate the Net Asset Value of the relevant Fund and to publish an official Net Asset Value. If no official Net Asset Value is published during this period, an informative Net Asset Value may be made available to Shareholders for informational purposes only.

## ERROR AND CORRECTION OF NET ASSET VALUE CALCULATION

A NAV error occurs when the NAV calculation results in an incorrect outcome. A NAV calculation error (i) may arise as a result of one or more factors or circumstances, including but not limited to, human or data errors, inaccurate pricing information, inadequate control procedures, shortcomings in the administrative processing of operations, imperfections or deficiencies in the functioning of the IT, accounting or communication systems or (ii) may be related to non-compliance with the valuation rules provided for in the law as well as in the Articles and/or this Prospectus. These factors or circumstances may occur at the level of the Administrative Agent in charge of the calculation of the NAV but also at other levels of the Company's organisation.

In order to protect the interests of the Company and its investors, NAV calculation errors resulting in an overstated or understated NAV per Share equal to or in excess of a certain threshold (positive or negative) will be corrected and compensated in accordance with the provisions of the CSSF Circular 24/856.

## ALLOCATION OF ASSETS AND LIABILITIES

The Board of Directors shall establish a pool of assets for the Shares of each Fund in the following manner:

1. (a) the proceeds from the issue of Shares of each Class of each Fund shall be applied in the books of the Company to the pool of assets established for that Fund, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such pool;

   (b) where any asset is derived from another asset, such derivative asset shall be applied in the books of the Company to the same pool as the assets from which it was derived and in each revaluation of an asset, the increase or diminution in value shall be applied to the relevant pool;

   (c) where the Company incurs a liability which relates to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability shall be allocated to the relevant pool;

(d) in the case where any asset or liability of the Company cannot be considered as being attributable to a particular pool, such asset or liability shall be equally divided between all the pools or, as in so far as justified by the amounts, shall be allocated to the pools pro rata to the net asset value of the relevant pool;

(e) upon the record date for determination of the person entitled to any dividend on the Shares of each Class of any Fund, the Net Asset Value of the Shares of such Fund shall be reduced by the amount of such dividend declared.

2. If there have been created within any Fund two or several Share Classes, the allocation rules set out above apply, *mutatis mutandis*, to such Classes.

3. For the purpose of the calculation of the Net Asset Value, the valuation and the allocation as aforesaid, Shares of the Company to be redeemed shall be treated as existing and taken into account until immediately after the close of business on the Valuation Day, and from time to time, until the price therefor has been paid, shall be deemed to be a liability of the Company; all investments, cash balances and other assets of the Company expressed in currencies other than the currency of the relevant Fund shall be valued after taking into account the market rate or rates of exchange in force at the date and time for determination of the Net Asset Value of Shares; and effect shall be given on any Valuation Day to any purchases or sales of securities contracted for by the Company on such Valuation Day, to the extent practicable.

**APPENDIX E**

**FRANKLIN TEMPLETON OPPORTUNITIES FUNDS**
**CHARGES, FEES AND EXPENSES**

## 1. ENTRY CHARGE, EXIT CHARGE AND CDSC

**Entry Charge**

| Share Class Overview | Classes A A1, A2 | E,E1,E2 | Classes, D1, D2,D3 and D4 | Classes I and IE** | Classes W and WE** | P1 | Classes P2 and S | Classes Y and R | Class N |
|---|---|---|---|---|---|---|---|---|---|
| **Investor Category** | Retail / Institutional | Retail / Institutional | Retail / Institutional | Institutional | Retail / Institutional | Institutional | Retail / Institutional | Institutional | Retail / Institutional |
| **Entry charge** | Up to 5.75% | 2% | See CDSC table below | No | No | No | No | No | Up to 3.00% |

** Intermediaries or distributors selling Classes I, IE, R, W, or WE Shares may apply their own selling charges, but which should not exceed 3.00% for the Classes I, IE and R Shares, 5.75% for the Class W Shares and 2% for the Class WE Shares.

**CDSC**

The amount of the CDSC is calculated by multiplying the percentages indicated in the following chart by the Net Asset Value of the Shares when purchased.

| CDSC for Classes D1, D2, D3 and D4 | | | | |
|---|---|---|---|---|
| **Period since purchase** | **Percentage D1** | **Percentage D2** | **Percentage D3** | **Percentage D4** |
| **Less than one year** | 1% | 3% | 1.50% | 2.00% |
| **Equal or more than 1 year but less than 2** | 0.8% | 2.4% | 1.20% | 1.67% |
| **Equal or more than 2 years but less than 3** | 0.6% | 1.8% | 0.90% | 1.33% |
| **Equal or more than 3 years but less than 4** | 0.4% | 1.2% | 0.60% | 1.00% |
| **Equal or more than 4 years but less than 5** | 0.2% | 0.6% | 0.30% | 0.67% |
| **Equal or more than 5 years but less than 6** | 0% | 0% | 0% | 0.33% |
| **Equal to 6 years** | 0% | 0% | 0% | 0% |

**Exit Charges**

An exit charge of up to 0.5% may be applied for Class IE Shares if a Shareholder sells Shares. No exit charge will apply if a Shareholder sells its Shares during the Asset Gathering Period and after the end of the relevant Principal Investment Period.

An exit charge of up to 1% may be applied for Classes E, E1, E2 and WE Shares if a Shareholder sells Shares. No exit charge will apply if a Shareholder sells its Shares during the Asset Gathering Period and after the end of the relevant Principal Investment Period.

## 2. INVESTMENT MANAGEMENT FEES (PER ANNUM)

The following investment management fees apply in respect of the Shares as indicated below:

| Fund Name / Classes | Classes A, A1, A2, E, E1 and E2 | Class D1 | Class D2 | Class D4 | Classes I and IE | Class R | Classes W and WE | Class P1 | Class P2 | Class S | Class N |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Franklin U.S. Managed Income 2028 Fund** | 0.60% | N/A | N/A | 0.60% | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| **Franklin Cat Bond UCITS Fund** | N/A | N/A | N/A | N/A | 0.75% | N/A | 0.75% | Up to 0.40% | Up to 0.55% | N/A | N/A |
| **Franklin Athena Uncorrelated Strategies UCITS Fund** | 0.70% | N/A | N/A | N/A | 0.60% | N/A | 0.60% | Up to 0.30% | Up to 0.45% | N/A | 0.70% |

As Class Y Shares is, inter alia, designed to accommodate an alternative charging structure whereby the Investor is a client of Franklin Templeton and is charged an investment management fee directly by Franklin Templeton, no investment management fee will be payable in respect of Class Y Shares out of the net assets of the relevant Fund.

No investment management fee will be payable in respect of Class D3 Shares out of the net assets of the relevant Fund.

## 3. MAINTENANCE CHARGES

The following maintenance charges apply in respect of the Shares as indicated below:

| Fund Name / Classes | Classes A and E* | Class A1* | Class E1* | Classes A2 and E2* | Class D1* | Class D2* | Class D3* | Class D4* | Classes P1, P2, S, R, I, IE, W, WE and Y* | Class N* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Franklin U.S. Managed Income 2028 Fund** | 0.45% | N/A | N/A | N/A | N/A | N/A | N/A | 0.45% | N/A | N/A |
| **Franklin Athena Uncorrelated Strategies UCITS Fund** | 0.50% | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 1.25% |

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

No maintenance charge will be charged with respect to the Franklin Cat Bond UCITS Fund.

## 4. SERVICING CHARGES

**Class D1 Shares**

A servicing charge of 0.20% per annum is applicable to the average Net Asset Value of Class D1 Shares.

**Class D2 Shares**

A servicing charge of 0.60% per annum is applicable to the average Net Asset Value of Class D2 Shares.

**Class D3 Shares**

A servicing charge of 0.30% per annum is applicable to the average Net Asset Value of Class D3 Shares.

**Class D4 Shares**

A servicing charge of 0.33% per annum is applicable to the average Net Asset Value of Class D4 Shares.

## APPENDIX F

## BENCHMARK DISCLOSURE

Shareholders should note that these benchmarks[3] may change over time and that the Prospectus will be updated accordingly. The current list of benchmarks applicable for the Funds is available on the Internet site: www.franklintempleton.lu.

### 1. FRANKLIN US MANAGED INCOME 2028 FUND

Benchmarks:

- Blended 35% MSCI USA High Dividend Yield Index (EUR) + 15% Bloomberg High Yield Very Liquid Index (EUR hedged) + 50% Bloomberg US Aggregate Index (EUR hedged).

Benchmark uses and resemblance: The benchmark is used solely as a reference for Investors to compare against the Fund's performance, this benchmark is neither used as a constraint on how the Fund's portfolio is to be constructed nor set as a target for the Fund's performance to beat.

### 2. FRANKLIN CAT BOND UCITS FUND

Benchmark:

- Secured Overnight Financing Rate (SOFR)

Benchmark uses and resemblance: The Fund is actively managed. The benchmark is used solely as a reference for Investors to compare against the Funds' performance. This benchmark is neither used as a constraint on how the Fund's portfolio is to be constructed nor set as a target for the Fund's performance to beat. The Fund is not obliged to hold any of the benchmark constituents and may indeed invest up to 100% of its net assets outside this benchmark.

### 3. FRANKLIN ATHENA UNCORRELATED STRATEGIES UCITS FUND

Benchmark:

- ICE BofA US 3-Month Treasury Bill Index

Benchmark uses and resemblance: The Fund is actively managed. The benchmark is used solely as a reference for Investors to compare against the Funds' performance. This benchmark is neither used as a constraint on how the Fund's portfolio is to be constructed nor set as a target for the Fund's performance to beat. The Fund is not obliged to hold any of the benchmark constituents and may indeed invest up to 100% of its net assets outside this benchmark.

[3] Further information on the benchmarks disclosed in the present Appendix (e.g. net return vs gross return calculation methodology) can be found in the KIDs and marketing documents of the Company available on the website: http://www.franklintempleton.lu.

**APPENDIX G**

**SFDR DISCLOSURES**

**Franklin Cat Bond UCITS Fund**

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

Product name: Franklin Templeton Opportunities Funds - Franklin Cat Bond UCITS Fund

Legal entity identifier: 254900XJNOD14WUNXD71

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

- ☐ **Yes**
- ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective:** ___%

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 9% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☒ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**

## What environmental and/or social characteristics are promoted by this financial product?

The environmental and/or social characteristics promoted by the Fund include inter alia reduction of poverty, promotion of resilient and sustainable infrastructure; mitigation of and adaptation to climate change. The Investment Managers seek to attain these characteristics by investing in catastrophe bonds with the aim of providing support to communities affected by extreme natural events exacerbated by, among other causes, the effects of climate change. It further promotes environmental and/or social characteristics by utilizing a set of exclusion criteria, as described in detail below.

Furthermore, the Fund commits to hold at least 9% of the portfolio in sustainable investments[19] with a social objective that support the following United Nations Sustainable Development Goals (the "UN SDGs"):

- goal 1 no poverty (the "No Poverty Goal"); and
- goal 9 industry, innovation and infrastructure (the "Industry, Innovation and Infrastructure Goal").

Moreover, while not committing to have sustainable investments with an environmental objective within the meaning of the Sustainable Finance Disclosure Regulation (the "SFDR"), the Fund seeks to contribute to the environment and to support goal 13 climate action ("Climate Action Goal").

The Fund uses a variety of ways to assess its environmental and/or social performance but does not use a reference benchmark to which it aligns the environmental and/or social characteristics that the Fund promotes.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### *What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- exposure to issuers contributing to positive environmental and/or social outcome areas across UN SDGs No Poverty Goal, Industry, Innovation and Infrastructure Goal and Climate Action Goal;
- exposure to issuers falling in the environmental, social and governance (the "ESG") exclusions list further described in the investment strategy section of this annex; and
- percentage of reduction achieved on the investment universe after the application of the screening criteria.

### *What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*

The sustainable investments contribute to social objectives tied to UN SDGs No Poverty Goal, Industry, Innovation and Infrastructure Goal and Climate Action Goal. They cover for specific perils (wildfires and flood) and provide insurance to underserved communities.

The Investment Managers have identified four categories of catastrophe bonds with a social sustainable objective to provide insurance coverage to underserved areas. They are defined as follows:

- **World Bank bonds (No Poverty Goal)**

The World Bank works with developing countries to transfer risk to the catastrophe bond market in the event of a large natural catastrophe event. To date there have been several quick pay-outs because of these bonds from events which occurred in Mexico and Peru. These bonds help address the significant property insurance gap risk which represents the difference between economic and insured losses.

- **Insurers of last resort (Industry, Innovation & Infrastructure Goal)**

These are offered to a party who is viewed as an extremely high insurance risk. Since the applicants are considered uninsurable by most private insurers, they cannot get an insurance policy to cover their risks, and certainly not at competitive market rates. States have stepped in to create state-wide insurers of last resort to provide insurance policies to their populace in lieu of private insurers leaving. The states effectively create their own insurance companies who then transfer the risk of loss from their balance sheet to the catastrophe bond market. This allows states to provide affordable insurance to their residents. From a social perspective, these bonds allow for expansion of insurance coverage by providing a capital markets solution that has the flexibility to increase the scope of their homeowners and commercial insurance products.

- **International bank for reconstruction and development (the "IBRD") and European bank for reconstruction and development (the "EBRD") collateral bonds (Industry, Innovation & Infrastructure Goal)**

Bonds and notes that support the International Bank for Reconstruction and Development (IBRD) and the European Bank for Reconstruction and Development (EBRD) notes program which funds development projects in member countries. Proceeds of the collateral of these bonds are used by the world bank to fund sustainable development projects and goals in member countries. Catastrophe bond holders via the collateral investments are providing the world bank with capital support so they may provide services to their member countries.

- **Climate bonds (Climate Action Goal)**

Certain catastrophe bonds solely provide coverage to underinsured areas which are impacted by climate change. Research has shown the two most climate change exacerbated perils are flood and wildfire. These bonds help address the significant property insurance gap risk which represents the difference between economic and insured losses given the relatively low insurance penetration rate of insurance for wildfire and flood losses.

### *How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective*

The Fund commits to actively monitor the United Nations Global Compact principles (the "UNGC Principles") status of issuers within the catastrophe bond universe, along with the status of issuers in which the Fund is invested, noting that coverage within the universe is low relatively to traditional asset classes. Issuers of catastrophe bonds which fail the Investment Managers' UNGC Principles assessment are excluded.

In the investment team's opinion, catastrophe bonds inherently contribute to adaptation by assisting recipients with learning to live with the effects of climate change. Issuers of catastrophe bonds use the assets to rebuild areas affected by natural disasters. They are incentivized to rebuild with adaptation and mitigation measures in place to reduce the impact and risk of climate change. The Investment Managers analyse the issuers commitment to rebuilding areas affected by flood and wildfire with respect to the Do No Significant Harm principle. In particular, for the bonds which classify as sustainable, the Investment Managers ensure the bonds do not insure projects linked to the extraction, storage, transport or manufacture of fossil fuels or insurance of vehicles, property or other assets dedicated to such purposes.

### *How have the indicators for adverse impacts on sustainability factors been taken into account?*

As a general approach, the Investment Managers assess that the use of proceeds of the catastrophe bonds do not cause significant harm to any environmental or social sustainable investment objective. Because the principal adverse impacts (the "PAIs") have limited relevance to the asset class, the taxonomy is used for consideration of sustainability.
To mitigate adverse impact, the Investment Managers ensure that insured assets are not involved in the distribution or production of controversial weapons or in the exploration, extraction, storage, manufacture or transportation of fossil fuels.

### *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Fund does not invest in companies therefore alignment with Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises is not applicable. However, the Fund commits to actively monitor issuers which fail the UNGC Principles within the catastrophe bond universe, along with the status of issuers in which the Fund is invested, noting that coverage of catastrophe bond issuers is very low relative to traditional asset classes.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Does this financial product consider principal adverse impacts on sustainability factors?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

☐ Yes

☒ No

**What investment strategy does this financial product follow?**

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Fund utilizes a rule-based, valuation driven approach to investing in catastrophe bonds, which is encapsulated in the following steps.

As a first step, the Investment Managers screen out life and mortgage issuances from the universe of catastrophe bonds because the portfolio does not seek to profit from loss of life or residence.

Then, the Investment Managers screen out private issuances which do not offer transparency and they cannot evaluate the ESG impact of the bonds. Then, the Investment Managers rank the remaining bonds by spread. The top 10% and lower 10% of bonds are removed based on spreads due to aggressive pricing and limited data for the modeled output.

Then, the Investment Managers identify bonds with an environmental and/or social characteristic through a bottom-up analysis of the sponsor and the peril that the bond covers. Within the 9% of sustainable investments, bonds identified as possessing a social objective are those issued to cover specific perils in areas underserved by private insurance markets. These selected bonds always are tagged to UN SDGs No Poverty Goal, Industry, Innovation or Infrastructure Goal and Climate Action Goal. In addition, such bonds shall also meet the required investment Insurance-linked securities (ILS) characteristics according to the Fund's investment objective, to be suitable for inclusion in the portfolio. From an environmental perspective, these bonds cover one of two specific climate risks: wildfires and flood.

Finally, the Fund does not invest in a catastrophe bond domiciled in any country that is "not free" under the Freedom House Index[1] or any catastrophe bond that fails to respect the UNGC Principles.

[1] https://freedomhouse.org/countries/freedom-world/scores

### *What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?*

The binding elements of the investment strategy are:

1. the exclusion of life and mortgage issuance catastrophe bonds to avoid being a beneficiary of death or evictions;
2. the exclusion of investments in catastrophe bonds issued in any country that is "not free" under the Freedom House Index or any catastrophe bond that does not respect the UNGC Principles.

### *What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?*

Not applicable.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

### *What is the policy to assess good governance practices of the investee companies?*

The Investment Managers evaluate the governance requirements of the jurisdictions in which catastrophe bonds are domiciled and only invest in securities domiciled in jurisdictions with strong governance requirements.

Issuers of catastrophe bonds which fail the Investment Managers' UNGC filter are excluded.

When considering good governance, the Fund's process integrates mandatory review of the credit rating agency AM Best ratings[2] (the "AM Best Ratings") of bond issuers – in the case of two comparable bonds, the AM Best Ratings are used to make a decision.

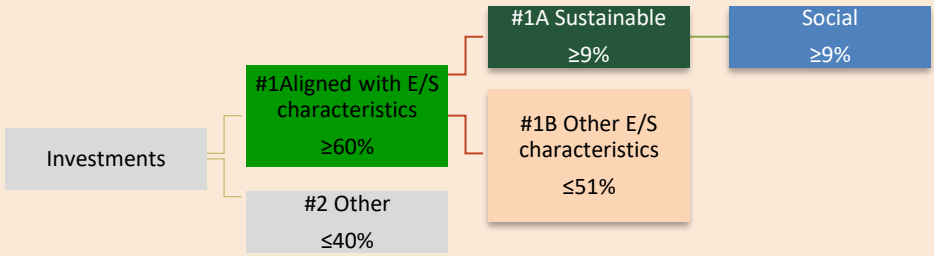
AM Best Ratings are relevant for this Fund's investment process as they focus exclusively on the insurance industry. The rating process considers factors such as an insurance company's business profile, balance sheet, and operating performance, as well as how it measures up to its competitors.

## What is the asset allocation planned for this financial product?

The Investment Managers employ a binding proprietary ESG methodology which is applied to at least 60% of the Fund's portfolio. The remaining portion (≤40%) of the portfolio, consisting of liquid assets (ancillary liquid assets, bank deposits, Money Market Instruments and money market funds) and derivatives, is not aligned with the promoted characteristics. Out of the Fund's portfolio segment which is aligned with the promoted environmental and/or social characteristics, the Fund undertakes a further commitment to invest a minimum of 9% of the portfolio in sustainable investments.

[2] https://ratings.ambest.com/

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Whilst the Fund may use derivatives as part of its investment strategy, the Fund will not use these instruments with a view to attaining the environmental or social characteristics it promotes.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Not applicable.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[3]?**

[3] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

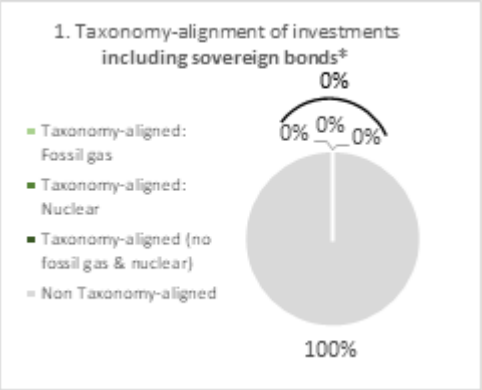
**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

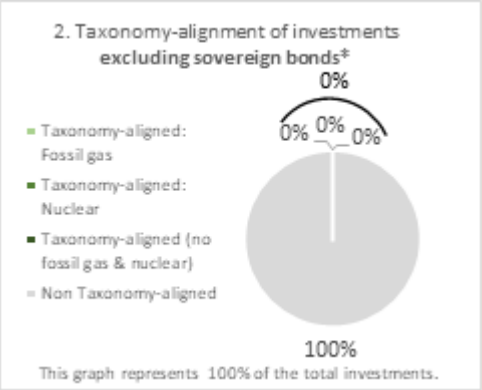
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

***What is the minimum share of investments in transitional and enabling activities?***

As the Fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.

**What is the minimum share of socially sustainable investments?**

The Fund commits to invest a minimum of 9% of its portfolio in sustainable investments with a social objective.

## What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" investments include investments in liquid assets (ancillary liquid assets, bank deposits, Money Market Instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund and derivatives.

Due to the neutral nature of the assets, no minimum safeguards have been put in place.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No

## Where can I find more product specific information online?

## More product-specific information can be found on the website:

https://www.franklintempleton.lu/our-funds/price-and-performance/products/42012/BC/franklin-cat-bond-ucits-fund/LU3047210656

Specific disclosure required under Article 10 of SFDR for the Fund can be found at: www.franklintempleton.lu/42012