Details of the changes to the Investment Policies and Revision of the Investment Restrictions on the underlying funds of:

1. **J60 Templeton Emerging Markets**
2. **L05 Templeton Global Bond (EUR)**
3. **L06 Templeton Global Bond (USD)**
4. **L03 Templeton Global Total Return (EUR)**
5. **L04 Templeton Global Total Return (USD)**
6. **L13 Templeton Emerging Markets Bond**
7. **P51 Franklin Mutual European**
8. **P58 Templeton BRIC**
9. **J72 Templeton Global**
10. **P52 Templeton Latin America**
11. **R97 Templeton Asian Bond**
12. **M84 Franklin US Government**
13. **L39 Franklin Biotechnology Discovery**

Revisions to Investment Policies of the underlying funds

The underlying funds Investment Policies have been revised as stated by the Company and are applicable as follows:

Fund Numbered 1 Only

"The Fund's investment objective is capital appreciation, which it seeks to achieve through a policy of investing primarily in equity securities, and as an ancillary matter in debt obligations, issued by corporations incorporated or having their principal business activities in, and governments of, developing or emerging nations.

The Fund may also invest in those companies, which derive a significant proportion of their revenues or profits from emerging economies or have a significant portion of their assets in emerging economies. The Fund may also invest in equity and debt securities of issuers that are linked to assets or currencies of emerging nations. The Fund invests primarily in common stocks.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of securities, such as preferred stock, participatory notes, securities convertible into common stock, and corporate and government debt obligations.

The Fund may invest up to 10% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect) and in China B-Shares."

Funds Numbered 2 & 3

"The Fund's investment objective is capital appreciation, which it seeks to achieve through a policy of investing in equity and debt obligations of companies and governments of any nation throughout the world, including Emerging Markets. The Fund invests principally in common stocks.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of securities, *such as preferred stock, securities convertible into common stock, and fixed income securities, which are US dollar and non-US dollar denominated.*

For the purpose of generating additional capital or income or for reducing costs or risks, the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only."

Funds Numbered 4 & 5

"The Fund seeks to achieve its objective by investing principally in a portfolio of fixed and/or floating-rate debt securities and debt obligations issued by government and government related issuers or corporate entities worldwide. The fixed and/or floating-rate debt securities and debt obligations in which the Fund may invest include investment grade and non-investment grade securities. The Fund may also purchase debt obligations issued by supranational entities organized or supported by several national governments, such as the International Bank for Reconstruction and Development or the European Investment Bank. The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may be dealt either in regulated markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps or fixed income related total return swaps), forward and cross forwards, futures contracts (including those on government securities), as well as options. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit. The Fund may also, in accordance with the investment restrictions, invest in securities or structured products (such as commercial and residential mortgage-backed securities as well as collateralised debt obligations, including collateralised loan obligations) where the security is linked to or derives its value from another security or is linked to assets or currencies of any country. The Fund may also purchase mortgage and asset-backed securities and convertible bonds. The Fund may hold up to 10% of its net assets in securities in default. The Fund may purchase fixed income securities and debt obligations denominated in any currency and may hold equity securities to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation. The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs. The Fund may also participate in mortgage dollar roll transactions.

The Fund may use futures contracts on US Treasury securities to help manage risks relating to interest rates and other market factors, to increase liquidity, and to quickly and efficiently cause new cash to be invested in the securities markets or, if cash is needed to meet shareholder redemption requests, to remove Fund's assets from exposure to the market. On an ancillary basis, the Fund may gain exposure to debt market indexes by investing in index based financial derivatives and credit default swaps.

The Fund may invest up to 25% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase (such as Argentina, Brazil, Colombia, Egypt, Ghana, Hungary, Indonesia, Italy, Mainland China, Malaysia, Mexico, Nigeria, Peru, Portugal, Russia, Serbia, South Africa, Spain, Sri Lanka, Turkey, Ukraine and Uruguay). Such investments (if any) are made based on the professional judgment of the Investment Manager whose reasons for investment may include a favourable/positive outlook on the sovereign issuer, potential for rating upgrades and the expected changes in the value of such investments due to rating changes. Please note that the abovementioned sovereigns are named for reference only and are subject to change as their credit ratings may change from time to time.

The Fund may distribute income gross of expenses."

Fund Numbered 7 Only

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

The Fund may also seek to invest in the securities of companies involved in mergers, consolidations, liquidations and reorganizations or as to which there exist tender or exchange offers, and may participate in such transactions. To a lesser extent, the Fund may also purchase debt securities, both secured and unsecured, of companies involved in reorganization or financial restructuring.

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

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

For the purpose of generating additional capital or income or for reducing costs or risks, the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only."

Fund Numbered 8 Only

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

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

<u>The Fund may invest up to 10% of its net assets in aggregate in China A-Shares (through Shanghai-Hong Kong Stock Connect) and in China B-Shares.</u>"

<u>Fund Numbered 9 Only</u>

"The Fund's investment objective is capital appreciation, which it seeks to achieve through a policy of investing in equity and debt obligations of companies and governments of any nation throughout the world, including Emerging Markets. The Fund invests principally in common stocks.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of securities, such as preferred stock, securities convertible into common stock, and fixed income securities, which are US dollar and non-US dollar denominated.

<u>For the purpose of generating additional capital or income or for reducing costs or risks, the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only</u>."

<u>Fund Numbered 11 Only</u>

"The Fund seeks to achieve its objective by investing principally in a portfolio of fixed and floating rate debt securities and debt obligations issued by government and government-related issuers, and/or corporate entities located throughout Asia. The Fund may also purchase debt obligations issued by supranational entities organised or supported by several national governments, such as the International Bank for Reconstruction and Development or the European Investment Bank. The Fund may also utilise financial derivative instruments for hedging, efficient portfolio management and/or investment purposes. These financial derivative instruments may be dealt either in regulated markets or over-the-counter, and may include, inter alia, swaps (such as credit default swaps or fixed income related total return swaps), forwards and cross forwards, futures contracts (including those on government securities), as well as options. Use of financial derivative instruments may result in negative exposures in a specific yield curve/duration, currency or credit. The Fund may also, in accordance with the investment restrictions, invest in securities or structured products where the security is linked to ~~or derives its value from another security or is~~ linked to assets or currencies of any Asian country <u>or deriving its value from another security, including structured products.</u> The Fund may also purchase mortgage and asset- backed securities and convertible bonds. The Fund may invest in investment grade and non-investment grade debt securities issued by Asian issuers including securities in default. The Fund may purchase fixed income securities and debt obligations denominated in any currency, and it may hold equity securities to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation. The Fund may also participate in mortgage dollar roll transactions.

The Fund may invest up to 33% of its total assets, either directly or through the use of financial derivative instruments, in fixed and floating rate debt securities and debt obligations issued by government and government-related issuers or corporate entities located outside of Asia which are impacted by economic or financial dynamics in Asia. <u>The Fund may invest up to 25% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase (such as India, Indonesia, Mainland China, Malaysia, Mongolia, Philippines, Sri Lanka, Thailand and Vietnam). Such investments (if any) are made based on the professional judgment of the Investment Manager whose reasons for investment may include a favourable/positive outlook on the sovereign issuer, potential for rating upgrades and the expected changes in the value of such investments due to rating changes. Please note that the abovementioned</u>

sovereigns are named for reference only and are subject to change as their credit ratings may change from time to time.

The Fund may distribute income gross of expenses."

Revision of the Investment Restrictions to the underlying funds - All Funds

The Company has advised that in order to disclose a reduction in the maximum extent to which the underlying funds may engage in securities lending and repurchase transactions (from 100% down to 50% in each case) and provide investors with greater transparency on the Company's repurchase transactions and securities lending transactions. The section on "INVESTMENT RESTRICTIONS – 4. Use of techniques and instruments relating to transferable securities and money market instruments" as set out on pages 63 and 64 of the Current Explanatory Memorandum and as amended by the 2014 Second Addendum to the Current Explanatory Memorandum dated April 2014 and the 2016 Second Addendum to the Current Explanatory Memorandum dated July 2016 shall with effect from 30 December 2016 be revised as follows:

*"**4. Use of techniques and instruments relating to transferable securities and money market instruments***

a) Repurchase transactions and securities lending 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 February 8, 2008 relating to certain definitions of the Luxembourg Law of 20 December 2002 on undertakings for collective investment and of (ii) CSSF Circular 08/356 and 14/592 relating to the rules applicable to undertakings for collective investments when they use certain techniques and instruments relating to transferable securities and money market instruments, each Fund may for the purpose of generating additional capital or income or for reducing costs or risks (A) enter, either as purchaser or seller, into optional as well as non-optional repurchase transactions and (B) engage in securities lending transactions.
As the case may be, collateral received by each Fund in relation to any of these transactions may offset net exposure by the counterparty provided it meets a range of standards, including those for liquidity, valuation, and issuer credit quality. The form and nature of the collateral will primarily consist of cash and highly rated sovereign fixed income securities that meets particular ratings criteria and will be equal to or greater than the value of the securities lent. Eligible collateral for securities lending transactions would be negotiable debt obligations (collectively "AA - Level Sovereign Bonds") issued by governments (such as Australia, Belgium, Canada, Denmark, France, Germany, the Netherlands, Norway, New Zealand, Singapore, Sweden, Switzerland, the United States, the United Kingdom, etc.), having a credit rating of at least AA- from S&P and/or Aa3 from Moody's, respectively and denominated in the official currency of the relevant country and issued on the relevant domestic market (but excluding derivatives of other securities and inflation-linked securities). The collateral received by the Company in respect of repurchase agreements transactions may be US Treasury bills or US government agency bonds supported by the full faith and credit of the US government. Acceptable tri-party collateral 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 shall also be equal to, or greater than, 102% of the amount of the repurchase transaction. Collateral value is reduced by a percentage (a "haircut") which provides for short term

fluctuations in the value of the collateral. Net exposures are calculated daily by the counterparty and subject to the terms of the agreements, including a minimum transfer amount, collateral levels may fluctuate between the Fund and the counterparty depending on the market movement of the exposure. Non-cash collateral received is not sold, reinvested or pledged. Cash collateral received by each Fund in relation to any of these transactions may be reinvested in a manner consistent with the investment objectives of such Fund and with the risk diversification requirements detailed in the section “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 a credit institution 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

- ***Securities lending transactions***

Subject to the relevant Fund’s investment policy, a~~A~~ Fund may utilise up to ~~100%~~50% of its assets for securities lending transactions. The volume of the securities lending transactions of each Fund shall be kept at an appropriate level or each Fund shall be entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardise the management of each Fund’s assets in accordance with its investment policy. The counterparties to securities lending transactions must have a minimum credit rating of A- or better, as rated by Standard & Poor’s, Moody’s or Fitch, at the time of the transactions.

The securities lending agent receives a fee of up to 10% of the gross revenue generated as a result of the lent securities for its services, the remainder of the revenue being received and retained by the relevant lending Fund. Any incremental income generated from securities lending transactions will be accrued to the relevant Fund.

- ***Repurchase agreement transactions***

Subject to the relevant Fund’s investment policy, a~~A~~ Fund may utilise up to ~~100%~~50% of its assets for repurchase agreement transactions, but a Fund’s exposure to any single counterparty in respect of repurchase agreement transactions is limited to (i) 10% of its assets where the counterparty is a credit institution having its registered office in an EU Member State or subject to equivalent prudential rules, and (ii) 5% of its assets in other cases. The counterparties to repurchase agreement transactions must have a minimum credit rating of A- or better, as rated by Standard & Poor’s, Moody’s or Fitch, at the time of the transactions. The volume of the repurchase agreement transactions of each Fund shall be kept at a level such that the Fund is able, at all times, to meet its redemption obligations towards shareholders. Further, each Fund must ensure that, at maturity of the repurchase agreement transactions, it has sufficient assets to *be able to settle the amount agreed with the counterparty for the restitution of the securities to the Fund. <u>Any incremental income generated from repurchase agreement transactions will be accrued to the relevant Fund.</u>*

*<u>- **Costs and revenues of securities lending and/or repurchase agreement transactions**</u>*

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

<u>(iii) Conflicts of Interest</u>

<u>No conflicts of interest to note. The Investment Manager(s) of the relevant Fund does not intend to lend the securities of the Fund to its related corporations or to engage them as securities lending agents.</u>

~~The collateral received by each Fund in relation to any of these transactions shall take the form of (i) liquid assets (which includes cash, short term bank certificates and money market instruments as defined in the above referred Grand-Ducal regulation); (ii) bonds issued or guaranteed by a Member State of the Organization for Economic Co-operation and Development ("OECD") or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope; (iii) shares or units issued by money market undertakings for collective investment calculating a daily net asset value and being assigned a rating of AAA or its equivalent; (iv) shares or units issued by undertaking for collective investment in transferable securities investing mainly in bonds or shares mentioned in (v) and (vi) below; (v) bonds issued or guaranteed by first class issuers offering an adequate liquidity; or (vi) shares admitted to or dealt in on a regulated market of a Member State of the European Union or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.~~

~~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.~~

~~As the case may be, collateral received by each Fund in relation to any of these transactions may offset net exposure by the counterparty provided it meets a range of standards, including those for liquidity, valuation, and issuer credit quality. Collateral primarily consist of cash and highly rated sovereign fixed income securities. Collateral value is reduced by a percentage (a "haircut") which provides for short term fluctuations in the value of the collateral. Net exposures are calculated daily by the counterparty and subject to the terms of the agreements, including a minimum transfer amount, collateral levels may fluctuate between the Fund and the counterparty depending on the market movement of the exposure. Non-cash collateral received is not sold, reinvested or pledged. Cash collateral received by each Fund in relation to any of these transactions may be reinvested in a manner consistent with the investment objectives of such Fund and with the risk diversification requirements detailed in the section on "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 a credit~~

~~institution 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.~~

~~The counterparties to repurchase agreement transactions and securities lending transactions must have a minimum credit rating of A- or better, as rated by Standard & Poors, Moody's or Fitch, at the time of the transactions. A counterparty with a credit rating of BBB may also be acceptable where the credit rating of the relevant counterparty is limited by the sovereign debt rating of its domicile country. The collateral~~

~~received by the Company in respect of repurchase agreements transactions and securities lending transactions may be US Treasury bills or US government agency bonds supported by the full faith and credit of the U.S. government.~~

~~Any incremental income generated from repurchase agreement transactions and securities lending transactions will be accrued to the relevant Fund.~~"