Schedule of Similarities and Differences
Between Luxembourg and South African Regulations
Franklin Templeton Investment Funds and South African Collective Investments Schemes in Securities

The purpose of this document is to highlight the similarities and differences between Luxembourg and South African Regulations in respect of Franklin Templeton Investment Funds ("FTIF") and South African Collective Investment Schemes in Securities. This document has been prepared in accordance with the Association of Collective Investments Code of Practice for Advertising Collective Investment Schemes in Securities 2008 which is listed on the website of the Association for Savings and Investment South Africa.

Structure of FTIF

FTIF is an open-ended umbrella fund established as a company in Luxembourg. FTIF is registered on the official list of collective investment undertakings pursuant to Part I of the Luxembourg law of December 17, 2010 relating to collective investment undertakings, as amended. FTIF qualifies as an Undertaking for Collective Investment in Transferable Securities ("UCITS") under the European Council Directive 2009/65/EC of 13 July 2009, as amended.

List of FTIF sub-funds as at 29 January 2018 approved by the Financial Services Board of South Africa under Section 65 of the Collective Investment Schemes Control Act, No. 45 of 2002.

- Franklin Biotechnology Discovery Fund
- Franklin Euro Government Bond Fund
- Franklin European Growth Fund
- Franklin European Small-Mid Cap Growth Fund
- Franklin Global Aggregate Investment Grade Bond Fund
- Franklin Global Listed Infrastructure Fund
- Franklin Global Real Estate Fund
- Franklin Global Small-Mid Cap Growth Fund
- Franklin India Fund
- Franklin Japan Fund
- Franklin MENA Fund
- Franklin Mutual Beacon Fund (to be renamed Franklin Mutual U.S. Value Fund as from January 31, 2018)
- Franklin Natural Resources Fund
- Franklin Technology Fund
- Franklin U.S. Dollar Liquid Reserve Fund
- Franklin U.S. Equity Fund
- Franklin U.S. Government Fund
- Franklin U.S. Opportunities Fund
- Templeton Africa Fund
- Templeton Asian Growth Fund
- Templeton BRIC Fund
- Templeton China Fund
- Templeton Eastern Europe Fund
- Templeton Emerging Markets Fund
- Templeton Emerging Markets Smaller Companies Fund
- Templeton Euroland Fund
- Templeton European Fund

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- Templeton Frontier Markets Fund
- Templeton Global (Euro) Fund (to be renamed Templeton Global Climate Change Fund as from March 5, 2018)
- Templeton Global Balanced Fund
- Templeton Global Fund
- Templeton Global Smaller Companies Fund
- Templeton Growth (Euro) Fund
- Templeton Korea Fund
- Templeton Latin America Fund
- Templeton Thailand Fund

Investment Objectives

The investment objective of each FTIF sub-fund is set out in the “Fund information, objectives and investments polices” section of the FTIF Prospectus. Investors should read the Prospectus and if necessary seek professional financial advice prior to making any investment in FTIF. The Prospectus is updated from time to time and a copy is available from the Fund or its management company.

Schedule of Similarities and Differences

Topic /Items	Luxembourg Regulation FTIF	South African Regulation
Minimum investment in assets in liquid form	No minimum. On an ancillary basis.	None.
Investment restriction on non-equity securities	Up to 10% of its net assets in non-equity transferable securities and in money market instruments issued by the same body. The limit above is 35% for transferable securities or money market instruments issued or guaranteed by the Government. The total value of all transferable securities (including equity securities) and money market instruments held in the issuing bodies in each of which the Fund invests more than 5% of its net assets must not exceed 40% of its assets. The 5/40 limit excludes any security issued or guaranteed by a Government. 100 % of the assets of a fund in transferable securities and money market instruments issued or guaranteed by a Member State of the European Union, its local authorities, a non-member State of the European Union or public international bodies of which one or more Member States of the European Union are members. For detailed information, please refer to Investment restriction Appendix of the prospectus.	No limit on investment in Government issued and listed securities. Must be rated and limits as prescribed in Regulation.
Investment restriction on individual securities in respect of equity funds	No more than 10 % of total assets in Transferable securities issued by the same issuing body. The total value of the securities held by the Fund in the issuing bodies in which it invests more than 5 % of its assets must not exceed 40% of the value of its assets. For detailed information, please refer to Investment restriction Appendix of the prospectus.	Maximum of 5% of fund if company market cap is less than R2 billion, else 10% or 120% of free float weighting in appropriate exchange index with an overall limit of 20% for general funds and 35% for specialist funds.
Investment restriction on a class of security in respect of equity funds	The Fund may invest a maximum of 10% in nonvoting shares of any single issuer and may not exercise a significant influence in any issuer Each Fund may invest no more than 10% of its net assets in transferable securities and money market instruments issued by the same body. Each Fund may not invest more than 20% of its net assets in deposits made with the same body. For detailed information, please refer to Investment restriction Appendix of the prospectus.	Maximum of 5% of amount in issue if company market cap is less than R2 billion, else 10%, or 120% of free float weighting in appropriate exchange index with an overall limit of 20% for general funds and 35% for specialist funds.

Investment restrictions for money market funds	Franklin U.S. Dollar Liquid Reserve Fund may not have an average remaining maturity not exceeding 12 months. Funds investing in debt instruments or other eligible instruments, 90% of such instruments held by such Fund must have a credit rating of "investment grade" by Standard & Poors Moody's or Fitch Ratings Limited. The Fund may invest no more than 10% of its net assets in 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 instruments with credit institutions are to be repayable on demand or have the right to be withdrawn and maturing in no more than 12 months. For detailed information, please refer to Investment restriction Appendix of the prospectus.	Instruments must be rated and limits as prescribed in Regulation. Up to 30% in Government issued instruments. Instrument may not have a maturity exceeding 12 months from inclusion. Weighted average maturity may not exceed 90 days.
Investment restrictions for fund of funds	Unless otherwise provided in the investment policy of a specific Fund, each Fund will not invest more than 10% of its net assets in other funds, provided that such other fund has a risk profile which is not significantly riskier than the risk profile of other underlying securities which may be held by the Fund. Insofar the above mentioned 10% limit is not applicable to a Fund, it may acquire units of other funds provided that no more than 20% of a Fund's net assets be invested in the units of a single fund and that no more than 10% of the assets of the other fund, whose acquisition is contemplated, can, according to its constitutional documents, in aggregate be invested in units of other underlying funds. Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net asset of a Fund. The Fund may acquire no more than 25% of the units of the same other fund. 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. Fund shall not invest in a fund of funds or a feeder fund.	Must consist of not less than two underlying portfolios, provided the investment in any one portfolio may not exceed 75% of the value of the fund of funds. May only invest in other fund of funds where at least 85% of the value of the latter fund of funds is held in participatory interests outside South Africa.

Investment restrictions on the use of derivative instruments	UCITS investment powers permit the funds to use derivative instruments as part of their investment strategy with the aim of increasing returns. The global exposure relating to the derivative instruments must not exceed the total net assets of the UCITS. The exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions. In the case of OTC derivatives, the exposure of a single counterparty must not exceed 10% of the assets if the counterparty is an EU member credit institution or equivalent, or 5% in other cases. Financial derivatives relating to a credit risk may not exceed 20% of the net assets. Some sub-funds will only use derivative instruments for efficient portfolio management. For further information about the specific use of derivative instruments by a sub-fund please see the investment objectives stated in the Prospectus.	100% nominal exposure of portfolio restricted for purposes of efficient portfolio management only. No gearing and leveraging.

Investments in listed instruments	Funds investing in equity or equity-related securities, 90% of such equity or equity-related securities of such Fund shall only be invested in stock exchanges qualifying as a Regulated Market in compliance with UCITS criteria.	90% of securities must be listed on Exchanges having obtained full membership of the World Federation of Exchanges.
Investment in unlisted instruments	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, which operates regularly and is recognised and open to the public, and such admission is secured within a year of the purchase. A maximum of 10% of net asset value in unlisted securities, as long as they qualify as transferable securities.	Instrument must be listed within 12 months of purchase date. Maximum of 10% of portfolio value.
Investment of own resources into the portfolio	Not required.	Manager must invest 10% of its own resources in each fund. Reduced by 10% for every R1 m invested by third parties.
Borrowing	Any Fund may borrow up to 10% of its net asset value, but only on a temporary basis for the purpose of meeting redemption requests, subject always to the borrowing limit.	10% of portfolio value. For liquidity purposes only and limited to 61 days.
Gearing/leveraging	Not allowed.	Not allowed.
Market/exchanges **Listed** **OTC – markets**	90% of exchanges must qualify as Regulated Markets as per UCITS rules. Financial derivatives instruments can be dealt OTC for as long as the underlying consists of financial indices, interest rates, foreign exchange rates or currencies in which the fund may invest according to its objectives; the counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to 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 fund's initiative.	90% of exchanges must have been granted full membership of the World Federation of Exchanges. The rest must follow due diligence guidelines as prescribed by legislation. Derivative instruments will not be used to leverage the Fund's portfolio and will be covered at all times.
Expenses/charges Costs to investors Charges against portfolio	Disclosed in the Prospectus.	Full disclosure in deed and marketing material, and three months notice to investors of change. Brokerage, MST, Vat, stamp duties, taxes, audit fee, bank charges, trustee/custodial fees, other levies or taxes, service charge and share creation fees and listing fees (if applicable).
Risk factors	Sector risk, Market, currency, counterparty, interest rate and geographic risk. "Risk Considerations" section.	Market, currency, counterparty, interest rate and geographic risk.
Capped or not capped	Capped	Not capped
Redemption (repurchase) of participatory interests	Legally obliged to redeem same day's (forward pricing at unknown NAV).	Legally obliged to redeem at the same day's or previous day's price as determined in the deed.

Independent Trustee / Custodian	The Custodian must be completely independent from FTIF.	Trustee/custodian must be completely independent.
Taxation of portfolio	FTIF 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 net wealth tax. However, it is liable in the Grand Duchy of Luxembourg to a tax of 0.05% per annum of its net asset value (0.01% for Franklin U.S. Dollar Liquid Reserve Fund and institutional classes), such tax being payable quarterly on the basis of the value of the net assets of FTIF 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 UCITS which have already been subject to such tax. No stamp duty or other tax is payable in the Grand Duchy of Luxembourg on the issues of 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 FTIF. Investment income received or capital gains realised by FTIF may be subject to tax in the countries of origin at various rates.	No taxation of income in portfolio if income is distributed. Portfolio is exempt from capital gains tax.
Taxation of investors **Income** **Dividends** **Interest** **Capital gains**	Luxembourg: Subject to the provision of the European Savings Directive, Shareholders are currently not subject to any capital gains, income, withholding, gift, estate, inheritance or other taxes in the Grand Duchy of Luxembourg (except for Shareholders domiciled, resident or having a permanent establishment in the Grand Duchy of Luxembourg).	Only interest and “other income” portion taxable in the hands of the investor. Dividends are exempt. Taxed on disposal in the hands of the investor.
Interval at which participatory interests are priced	Daily.	Daily.
Distributions	Please see dividend policy in FTIF Prospectus for full details. All fund 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. Dividend may be reinvested at the option of the investor by issue of additional participatory interests.	All income distributed regularly. May reinvested at option of investor by issue of additional participatory interests.
Switching	Allowed – subject to conditions contained in FTIF Prospectus.	Allowed – charges differ.
Pledging of securities	Not allowed.	Not allowed.
Scriplending **Scripborrowing**	Not allowed.	Permitted up to 50% with limits on single borrower and subject to 105% collateral. Not allowed.
Certificates, if issued, and need for redemption	All Shares are issued in registered form. FTIF no longer issues Shares in physical bearer form.	Issued on request.
Reporting to the supervisory authority	Yes.	Yes.

Inspection Powers by supervisory authority	Yes.	Yes.
Reporting to investors	Annually and semi-annual reports.	Annually.
Legal Structure if different from trust	FTIF is an investment company with limited liability organised as a *société d'investissement à capital variable* under the laws of the Grand Duchy of Luxembourg.	Collective Investment Scheme, whether trust based or Open Ended Investment Company.
Any other material difference	* Article 42 (1) of the Law, the management company employs a risk-management process which enables it to monitor and measure at any time the risk of the positions of FTIF and their contribution to the overall risk profile of the portfolio; it must employ a process for accurate and independent assessment of the value of OTC derivative instruments. It must communicate to the CSSF regularly and in accordance with the detailed rules the latter shall define, the types of derivative instruments, the underlying risks, the quantitative limits and the methods which are chosen in order to estimate the risks associate with transactions in derivative instruments.	Not applicable.

*Please note that some specific restrictions have been added to the prospectus for funds which distribute in South Africa for as long as they are authorised by the Financial Services Board in South Africa.

Additional Information

Principle Investment Restrictions for UCITS Funds

This section sets out the principle investment restrictions that apply to all UCITS Funds. For FTIF sub-fund specific investment restrictions please refer to the Prospectus.

General limits

UCITS may invest in transferable securities and money market instruments which are publicly quoted or which are traded on any other regulated, regularly operating and open market in any EU-Member State. A UCITS may invest no more than 10% of its net assets in other transferable securities and/or money market instruments;

Cash can be held only as an accessory activity;

The fund may not invest in voting stock, if such investment results in considerable influence on the issuer's management. Investment in non-voting stock of any one issuer is limited to 10%.

Aggregate limits

An overall combined limit of 35% of the assets of the UCITS may be invested in transferable securities and money market instruments, deposits and/or derivatives issued by or made with the same institution;

A maximum limit of 20% of the assets of the UCITS may be invested in a combination of transferable securities and money market instruments, deposits and/or exposures arising from OTC derivative transactions issued by or made with the same institution.

Transferable securities and money markets instruments

Investment in transferable securities and money market instruments of any one issuer is restricted to a maximum of 10% of the fund's net assets. The limit may be increased to 25% for certain bonds issued by credit institutions subject by law to special supervision designed to protect bondholders in an EU-Member State (and in States members of the European Economic Area other than the EU- Member States);

The total value of the transferable securities and money market instruments of any one issuer held by the fund in investments which individually represent 5% or more of the fund's net assets, may not exceed 40% of the net asset value of the fund. The limit is raised to 80% for investments in certain bonds issued by credit institutions subject by law to special supervision designed to protect bondholders in an EU-Member State (and in States members of the European Economic Area other than the EU-Member States);

There is an upper limit of 35% of the fund's net assets on the amount which can be invested in issues of an EU-Member State, a third country or an international public body of which one or more EU-Member States belong. This limit can be raised to 100% for issues of any one EU or OECD Member State, by Singapore or any member state of the G20, or other supranational organisation, or in securities guaranteed by these bodies, with the approval of the Luxembourg regulator (CSSF), provided that investments are made in at least six different issues of that State and that no one issue represents more than 30% of net assets. The intention to invest 35% or more, together with the name of the country/organisation in question, must be included in the incorporation documents, prospectus and all publicity.

Bank deposits

Bank deposits are permitted provided that the credit institution has its registered office in an EU-Member State or, if located in a non-Member State, is subject to equivalent prudential rules as an EU-Member State;

The deposits must be repayable on demand or have the right to be withdrawn and may have a maturity of up to 12 months; Not more than

20% of the UCITS' investments in deposits may be placed with the same credit institution.

Financial derivatives instruments

The global exposure relating to the derivative instruments must not exceed the total net assets of the UCITS;

The exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions;

In the case of OTC derivatives, the exposure of a single counterparty must not exceed 10% of the assets if the counterparty is an EU credit institution or equivalent, or 5% in other cases;

Financial derivatives relating to a credit risk may not exceed 20% of the net assets.

Index tracking funds

An investment limit of 20% of the fund's net assets applies where the investment consists of shares and/or debt securities issued by the same institution;

The aforementioned limit is increased to 35% where it is justified by exceptional market conditions.