



# Prospectus

## Franklin Templeton Global Funds Plc

An investment company with variable capital incorporated with limited liability in Ireland with registered number 278601 and established as an umbrella fund with segregated liability between sub-funds.

21 February 2024

# PROSPECTUS

for the following sub-funds:

<b>Fixed Income Funds:</b>	<b>Equity Funds:</b>
FTGF Brandywine Global – EM Macro Bond Fund	FTGF Martin Currie European Unconstrained Fund
FTGF Brandywine Global – US High Yield Fund	
Western Asset UCITS SMASh Series Core Plus Completion Fund	<b>Money Market Fund:</b>
<b>Multi-Asset Fund:</b>	Legg Mason Western Asset US Dollar Liquidity Fund*
FTGF Multi-Asset Infrastructure Income Fund	

\* This Fund is closed to new subscriptions (including conversions into the Fund) and is in the process of being terminated.

The Company also includes the following sub-funds which are offered pursuant to a separate prospectus (the “Main Prospectus Funds”):

FTGF Brandywine Global Credit Opportunities Fund	Legg Mason Batterymarch International Large Cap Fund*
FTGF Brandywine Global Defensive High Yield Fund	FTGF Brandywine Global Dynamic US Equity Fund
FTGF Brandywine Global Enhanced Absolute Return Fund	Legg Mason ClearBridge Emerging Markets Infrastructure Fund*
FTGF Brandywine Global Fixed Income Absolute Return Fund	Legg Mason ClearBridge Global Equity Fund*
FTGF Brandywine Global Fixed Income Fund	FTGF ClearBridge Global Growth Fund
FTGF Brandywine Global – US Fixed Income Fund	Legg Mason ClearBridge Growth Fund*
FTGF Brandywine Global High Yield Fund	FTGF ClearBridge Infrastructure Value Fund
FTGF Brandywine Global Opportunistic Fixed Income Fund	FTGF ClearBridge US Aggressive Growth Fund
Legg Mason Brandywine Global Sovereign Credit Fund*	FTGF ClearBridge US Appreciation Fund
FTGF Western Asset Asian Income Fund	FTGF ClearBridge US Equity Sustainability Leaders Fund
FTGF Western Asset Asian Opportunities Fund	FTGF ClearBridge US Large Cap Growth Fund
Legg Mason Western Asset EM Local Currency Debt Fund*	FTGF ClearBridge Value Fund
Legg Mason Western Asset Emerging Markets Corporate Bond Fund*	Legg Mason Emerging Markets Select Equity Fund*
Legg Mason Western Asset Emerging Markets Total Return Bond Fund*	Legg Mason Japan Equity Fund*
FTGF Western Asset Euro Core Plus Bond Fund	FTGF Martin Currie Asia Long-Term Unconstrained Fund
Legg Mason Western Asset Euro High Yield Fund*	FTGF Martin Currie Asia Pacific Urban Trends Income Fund
FTGF Western Asset Short Duration Blue Chip Bond Fund	Legg Mason Martin Currie Asia Pacific Fund*
FTGF Western Asset Global Core Plus Bond Fund	Legg Mason Martin Currie European Absolute Alpha Fund*
FTGF Brandywine Global Income Optimiser Fund	FTGF Martin Currie European Select Absolute Alpha Fund
FTGF Western Asset Global Credit Fund	FTGF Martin Currie Global Emerging Markets Fund
FTGF Western Asset Global High Yield Fund	FTGF Martin Currie Global Long-Term Unconstrained Fund
Legg Mason Western Asset Global Inflation Management Fund*	Legg Mason Martin Currie Global Resources Fund*
FTGF Western Asset Global Multi Strategy Fund	Legg Mason Martin Currie Greater China Fund*

Legg Mason Western Asset Global Total Return Investment Grade Bond Fund*	Legg Mason QS Emerging Markets Equity Fund*
FTGF Western Asset Macro Opportunities Bond Fund	FTGF Franklin MV Asia Pacific Ex Japan Equity Growth and Income
FTGF Western Asset Infrastructure Debt Fund	Franklin MV European Equity Growth and Income Fund*
FTGF Western Asset Short-Dated High Yield Fund	Franklin MV Global Equity Growth and Income Fund*
Legg Mason Western Asset Short Duration High Income Bond Fund*	FTGF Royce US Small Cap Opportunity Fund
FTGF Western Asset Structured Opportunities Fund	FTGF Royce US Smaller Companies Fund
FTGF Western Asset UK Investment Grade Credit Fund	Legg Mason US Equity Fund*
Legg Mason Western Asset US Adjustable Rate Fund*	FTGF Royce Global Small Cap Premier Fund
FTGF Western Asset US Core Bond Fund	FTGF ClearBridge Global Infrastructure Income Fund
FTGF Western Asset Multi-Asset Credit Fund	FTGF ClearBridge Tactical Dividend Income Fund
FTGF Western Asset US Core Plus Bond Fund	FTGF Martin Currie Improving Society Fund
FTGF Western Asset US Corporate Bond Fund	<a href="#">FTGF ClearBridge Global Sustainability Improvers Fund</a>
FTGF Western Asset US High Yield Fund	
FTGF Western Asset US Mortgage-Backed Securities Fund	
Legg Mason Western Asset US Short-Term Government Fund*	
FTGF Western Asset China Bond Fund	
FTGF Western Asset Sustainable Global Corporate Bond Fund	
Franklin Responsible Income 2028 Fund	
Franklin Responsible Income 2029 Fund	
Franklin Responsible Series 3 Fund	
FTGF Brandywine Global Multi-Sector Impact Fund	
FTGF Western Asset US Government Liquidity Fund	

\* This Fund is closed to new subscriptions (including conversions into the Fund) and is in the process of being terminated.

The Directors whose names appear on page x accept responsibility for the information contained in this document. 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 document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**THIS DOCUMENT CONTAINS IMPORTANT INFORMATION ABOUT THE COMPANY AND THE FUNDS AND SHOULD BE READ CAREFULLY BEFORE INVESTING. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR BROKER, INTERMEDIARY, BANK MANAGER, LEGAL ADVISER, ACCOUNTANT OR OTHER FINANCIAL ADVISER.**

Certain terms used in this Prospectus are defined in the “Definitions” section herein.

## **CENTRAL BANK AUTHORISATION**

The Company has been authorised by the Central Bank as a UCITS within the meaning of the UCITS Regulations. **The authorisation of the Company is not an endorsement or guarantee of the Company by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus. Authorisation of the Company by the Central Bank does not constitute a warranty by the Central Bank as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company.**

## **INVESTMENT RISKS**

There can be no assurance that the Funds will achieve their investment objectives. **It should be noted that the value of Shares may go down as well as up.** Investing in a Fund involves investment risks, including possible loss of the amount invested. The capital return and income of a Fund are based on the capital appreciation and income on its investments, less expenses incurred. Therefore, the Funds’ returns may be expected to fluctuate in response to changes in such capital appreciation or income. **An investment in the Funds should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. In view of the fact that a commission of up to 5% of the subscription monies may be payable on subscriptions for Shares of each of the Class A Shares and of up to 2.5% of the subscription monies on subscriptions for Class E Shares and that a contingent deferred sales charge may be payable on redemptions of Class B Shares and Class C Shares and that a dilution adjustment may be applied to all Shares Classes of all Funds (other than the Money Market Funds), an investment in such Shares should be regarded as a medium- to long-term investment. It should also be noted that the Distributing Plus (e) Share Classes, which are offered by certain Funds, may charge certain fees and expenses to capital rather than income, there is an increased risk that investors in these Share Classes may not receive back the full amount invested when redeeming their holding. It should also be noted that the Distributing Plus Share Classes, which are offered by certain Funds, may distribute dividends out of capital, and there is an increased risk that capital will be eroded and the distribution will be achieved by forgoing the potential for future capital growth of the investment of the Shareholders of these Share Classes. The value of future returns in such Share Classes may also be diminished. This cycle may continue until all capital is depleted.** Investors’ attention is drawn to the specific risk factors set out in the “Risk Factors” section herein.

## **SELLING RESTRICTIONS**

### **GENERAL:**

The distribution of this Prospectus and the offering or purchase of the Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or the accompanying application form in any such jurisdiction may treat this Prospectus or such application form as constituting an invitation to them to subscribe for Shares, nor should they in any event use such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly, this Prospectus does not constitute an offer 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 or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares pursuant to this Prospectus to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to the legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence, incorporation or domicile.

### **THE UNITED STATES OF AMERICA:**

**THE SHARES HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933 (THE “1933 ACT”), AND THE COMPANY HAS NOT BEEN REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940 (THE “1940 ACT”). THE SHARES MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED DIRECTLY OR INDIRECTLY, IN THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS OR TO US PERSONS. THE SHARES MAY ONLY BE OFFERED AND SOLD TO NON-UNITED STATES PERSONS.**

### **NOTICE TO RESIDENTS OF ARGENTINA:**

**THE SHARES OF THE FUNDS OFFERED HEREIN HAVE NOT BEEN SUBMITTED TO THE COMISIÓN NACIONAL DE VALORES (“CNV”) FOR APPROVAL. ACCORDINGLY, THE SHARES MAY NOT BE OFFERED OR SOLD TO THE**

**PUBLIC IN ARGENTINA. THIS PROSPECTUS (AND ANY INFORMATION CONTAINED HEREIN) MAY NOT BE USED OR SUPPLIED TO THE PUBLIC IN CONNECTION WITH ANY PUBLIC OFFER OR SALE OF SHARES IN ARGENTINA.**

**NOTICE TO RESIDENTS OF AUSTRALIA:**

**THIS PROSPECTUS IS NOT A PROSPECTUS OR PRODUCT DISCLOSURE STATEMENT UNDER THE CORPORATIONS ACT 2001 (CTH) (CORPORATIONS ACT) AND DOES NOT CONSTITUTE A RECOMMENDATION TO ACQUIRE, AN INVITATION TO APPLY FOR, AN OFFER TO APPLY FOR OR BUY, AN OFFER TO ARRANGE THE ISSUE OR SALE OF, OR AN OFFER FOR ISSUE OR SALE OF, ANY SECURITIES IN AUSTRALIA, EXCEPT AS SET OUT BELOW. THE FUND HAS NOT AUTHORISED NOR TAKEN ANY ACTION TO PREPARE OR LODGE WITH THE AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION AN AUSTRALIAN LAW COMPLIANT PROSPECTUS OR PRODUCT DISCLOSURE STATEMENT. ACCORDINGLY, THIS PROSPECTUS MAY NOT BE ISSUED OR DISTRIBUTED IN AUSTRALIA AND THE SHARES IN THE FUND MAY NOT BE OFFERED, ISSUED, SOLD OR DISTRIBUTED IN AUSTRALIA BY ANY PERSON UNDER THIS PROSPECTUS OTHER THAN BY WAY OF OR PURSUANT TO AN OFFER OR INVITATION THAT DOES NOT NEED DISCLOSURE TO INVESTORS UNDER PART 6D.2 OR PART 7.9 OF THE CORPORATIONS ACT, WHETHER BY REASON OF THE INVESTOR BEING A 'WHOLESALE CLIENT' (AS DEFINED IN SECTION 761G OF THE CORPORATIONS ACT AND APPLICABLE REGULATIONS) OR OTHERWISE. THIS PROSPECTUS DOES NOT CONSTITUTE OR INVOLVE A RECOMMENDATION TO ACQUIRE, AN OFFER OR INVITATION FOR ISSUE OR SALE, AN OFFER OR INVITATION TO ARRANGE THE ISSUE OR SALE, OR AN ISSUE OR SALE, OF SHARES TO A 'RETAIL CLIENT' (AS DEFINED IN SECTION 761G OF THE CORPORATIONS ACT AND APPLICABLE REGULATIONS) IN AUSTRALIA.**

**NOTICE TO RESIDENTS OF THE BAHAMAS:**

**SHARES SHALL NOT BE OFFERED OR SOLD INTO THE BAHAMAS EXCEPT IN CIRCUMSTANCES THAT DO NOT CONSTITUTE AN OFFER TO THE PUBLIC. SHARES MAY NOT BE OFFERED OR SOLD OR OTHERWISE DISPOSED OF IN ANY WAY TO PERSONS DEEMED BY THE CENTRAL BANK OF THE BAHAMAS (THE "BANK") AS RESIDENT FOR EXCHANGE CONTROL PURPOSES WITHOUT THE PRIOR WRITTEN PERMISSION OF THE BANK.**

**NOTICE TO RESIDENTS OF BERMUDA:**

**SHARES MAY BE OFFERED OR SOLD IN BERMUDA ONLY IN COMPLIANCE WITH THE PROVISIONS OF THE INVESTMENT BUSINESS ACT OF 2003 OF BERMUDA WHICH REGULATES THE SALE OF SECURITIES IN BERMUDA. ADDITIONALLY, NON-BERMUDIAN PERSONS (INCLUDING COMPANIES) MAY NOT CARRY ON OR ENGAGE IN ANY TRADE OR BUSINESS IN BERMUDA UNLESS SUCH PERSONS ARE PERMITTED TO DO SO UNDER APPLICABLE BERMUDA LEGISLATION.**

**NOTICE TO RESIDENTS OF BRAZIL:**

**THE SHARES OFFERED HEREIN MAY NOT BE OFFERED OR SOLD TO THE PUBLIC IN BRAZIL. ACCORDINGLY, THIS OFFERING OF SHARES HAS NOT BEEN SUBMITTED TO THE COMISSÃO DE VALORES MOBILIÁRIOS ("CVM") FOR APPROVAL. DOCUMENTS RELATING TO SUCH OFFERING, AS WELL AS THE INFORMATION CONTAINED HEREIN AND THEREIN MAY NOT BE SUPPLIED TO THE PUBLIC, AS A PUBLIC OFFERING TO THE PUBLIC OR BE USED IN CONNECTION WITH ANY OFFER FOR SUBSCRIPTION OR SALE TO THE PUBLIC IN BRAZIL.**

**NOTICE TO RESIDENTS OF BRUNEI:**

**THIS PROSPECTUS RELATES TO A FOREIGN COLLECTIVE INVESTMENT SCHEME WHICH IS NOT SUBJECT TO ANY FORM OF DOMESTIC REGULATION BY THE AUTORITI MONETARY BRUNEI DARUSSALAM (THE "AUTHORITY"). THE AUTHORITY IS NOT RESPONSIBLE FOR REVIEWING OR VERIFYING ANY PROSPECTUS OR OTHER DOCUMENTS IN CONNECTION WITH THIS COLLECTIVE INVESTMENT SCHEME. THE AUTHORITY HAS NOT APPROVED THIS PROSPECTUS OR ANY OTHER ASSOCIATED DOCUMENTS NOR TAKEN ANY STEPS TO VERIFY THE INFORMATION SET OUT IN THIS PROSPECTUS AND IS NOT RESPONSIBLE FOR IT.**

**THE SHARES TO WHICH THIS PROSPECTUS RELATES MAY BE SUBJECT TO RESTRICTIONS ON THEIR RESALE. PROSPECTIVE PURCHASERS SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE SHARES.**

**IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT A LICENSED FINANCIAL ADVISER.**

**NOTICE TO RESIDENTS OF CANADA:**

**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.

**NOTICE TO RESIDENTS OF CHILE:**

NEITHER THE FUNDS NOR THE SHARES HAVE BEEN REGISTERED WITH THE SUPERINTENDENCIA DE VALORES Y SEGUROS PURSUANT TO LAW NO. 18.045, THE *LEY DE MERCADO DE VALORES*, AND REGULATIONS THEREUNDER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION TO SUBSCRIBE FOR OR PURCHASE, THE SHARES IN THE REPUBLIC OF CHILE, OTHER THAN TO INDIVIDUALLY IDENTIFIED BUYERS PURSUANT TO A PRIVATE OFFERING WITHIN THE MEANING OF ARTICLE 4 OF THE *LEY DE MERCADO DE VALORES* (AN OFFER THAT IS NOT ADDRESSED TO THE PUBLIC AT LARGE OR TO A CERTAIN SECTOR OR SPECIFIC GROUP OF THE PUBLIC).

**NOTICE TO RESIDENTS OF COSTA RICA:**

THIS IS AN INDIVIDUAL AND PRIVATE OFFER WHICH IS MADE IN COSTA RICA UPON RELIANCE ON AN EXEMPTION FROM REGISTRATION BEFORE THE GENERAL SUPERINTENDENCY OF SECURITIES ("SUGEVAL"), PURSUANT TO ARTICLE 6 OF THE REGULATIONS ON THE PUBLIC OFFERING OF SECURITIES ("REGLAMENTO SOBRE OFERTA PÚBLICA DE VALORES"). THIS INFORMATION IS CONFIDENTIAL, AND IS NOT TO BE REPRODUCED OR DISTRIBUTED TO THIRD PARTIES AS THIS IS NOT A PUBLIC OFFERING OF SECURITIES IN COSTA RICA. THE PRODUCT BEING OFFERED IS NOT INTENDED FOR THE COSTA RICAN PUBLIC OR MARKET AND NEITHER IS IT REGISTERED OR WILL BE REGISTERED BEFORE THE SUGEVAL, NOR CAN IT BE TRADED IN THE SECONDARY MARKET.

**NOTICE TO RESIDENTS OF HONG KONG:**

THIS PROSPECTUS HAS NOT BEEN REGISTERED BY THE REGISTRAR OF COMPANIES IN HONG KONG. THE FUNDS ARE COLLECTIVE INVESTMENT SCHEMES AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG) (THE "SFO"), BUT THE FUNDS HAVE NOT BEEN AUTHORISED BY THE SECURITIES AND FUTURES COMMISSION IN HONG KONG ("HKSF"). ACCORDINGLY, SHARES OF THE FUNDS MAY ONLY BE OFFERED OR SOLD IN HONG KONG TO PERSONS WHO ARE "PROFESSIONAL INVESTORS" AS DEFINED IN THE SFO (AND ANY RULES MADE UNDER THE SFO) OR IN OTHER CIRCUMSTANCES WHICH DO NOT OTHERWISE CONTRAVENE THE SFO.

IN ADDITION, THIS PROSPECTUS MAY ONLY BE DISTRIBUTED, CIRCULATED OR ISSUED TO PERSONS WHO ARE "PROFESSIONAL INVESTORS" UNDER THE SFO (AND ANY RULES MADE THEREUNDER) OR AS OTHERWISE PERMITTED UNDER THE HONG KONG LAWS.

**NOTICE TO RESIDENTS OF INDIA:**

THIS PROSPECTUS HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") AND MAY NOT BE DISTRIBUTED DIRECTLY OR INDIRECTLY IN INDIA OR TO INDIAN RESIDENTS AND PARTICIPATING SHARES ARE NOT BEING OFFERED AND MAY NOT BE SOLD DIRECTLY OR INDIRECTLY IN INDIA OR TO OR FOR THE ACCOUNT OF ANY RESIDENT OF INDIA.

**NOTICE TO RESIDENTS OF INDONESIA:**

THE OFFERING OF THE SHARES IS NOT REGISTERED UNDER THE INDONESIAN CAPITAL MARKETS LAW AND ITS IMPLEMENTING REGULATIONS, AND IS NOT INTENDED TO BECOME A PUBLIC OFFERING OF SHARES UNDER THE INDONESIAN CAPITAL MARKETS LAW AND REGULATIONS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL NOR A SOLICITATION TO BUY SECURITIES IN INDONESIA.

**NOTICE TO RESIDENTS OF ISRAEL:**

THIS PROSPECTUS HAS NOT BEEN APPROVED BY THE ISRAEL SECURITIES AUTHORITY AND WILL ONLY BE DISTRIBUTED TO ISRAELI RESIDENTS IN A MANNER THAT WILL NOT CONSTITUTE "AN OFFER TO THE PUBLIC" UNDER SECTIONS 15 AND 15A OF THE ISRAEL SECURITIES LAW, 5728-1968 ("THE SECURITIES LAW") OR SECTION 25 OF THE JOINT INVESTMENT TRUSTS LAW, 5754-1994 ("THE JOINT INVESTMENT TRUSTS LAW"), AS APPLICABLE.)

THIS PROSPECTUS MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE, NOR BE FURNISHED TO ANY OTHER PERSON OTHER THAN THOSE TO WHOM COPIES HAVE BEEN SENT. ANY OFFEREE WHO PURCHASES SHARES IS PURCHASING SUCH SHARES FOR ITS OWN BENEFIT AND ACCOUNT AND NOT WITH THE AIM OR INTENTION OF DISTRIBUTING OR OFFERING SUCH SHARES TO OTHER PARTIES (OTHER THAN, IN THE CASE OF



AN OFFEREE WHICH IS A SOPHISTICATED INVESTOR BY VIRTUE OF IT BEING A BANKING CORPORATION, PORTFOLIO MANAGER OR MEMBER OF THE TEL-AVIV STOCK EXCHANGE, AS DEFINED IN THE ADDENDUM, WHERE SUCH OFFEREE IS PURCHASING SHARES FOR ANOTHER PARTY WHICH IS A SOPHISTICATED INVESTOR). NOTHING IN THIS PROSPECTUS SHOULD BE CONSIDERED INVESTMENT ADVICE OR INVESTMENT MARKETING AS DEFINED IN THE REGULATION OF INVESTMENT COUNSELLING, INVESTMENT MARKETING AND PORTFOLIO MANAGEMENT LAW, 5755-1995.

INVESTORS ARE ENCOURAGED TO SEEK COMPETENT INVESTMENT COUNSELLING FROM A LOCALLY LICENSED INVESTMENT COUNSEL PRIOR TO MAKING THE INVESTMENT. AS A PREREQUISITE TO THE RECEIPT OF A COPY OF THIS PROSPECTUS A RECIPIENT MAY BE REQUIRED BY THE FUNDS TO PROVIDE CONFIRMATION THAT IT IS A SOPHISTICATED INVESTOR PURCHASING SHARES FOR ITS OWN ACCOUNT OR, WHERE APPLICABLE, FOR OTHER SOPHISTICATED INVESTORS.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SHARES OFFERED HEREBY, NOR DOES IT CONSTITUTE AN OFFER TO SELL TO OR SOLICITATION OF AN OFFER TO BUY FROM ANY PERSON OR PERSONS IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO A PERSON OR PERSONS TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

#### **NOTICE TO RESIDENTS OF JAPAN:**

THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED PURSUANT TO ARTICLE 4, PARAGRAPH 1 OF THE FINANCIAL INSTRUMENTS AND EXCHANGE LAW OF JAPAN (LAW NO. 25 OF 1948, AS AMENDED) AND, ACCORDINGLY, NONE OF THE SHARES NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY JAPANESE PERSON OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO ANY JAPANESE PERSON EXCEPT UNDER CIRCUMSTANCES WHICH WILL RESULT IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND GUIDELINES PROMULGATED BY THE RELEVANT JAPANESE GOVERNMENTAL AND REGULATORY AUTHORITIES AND IN EFFECT AT THE RELEVANT TIME. FOR THIS PURPOSE, A “JAPANESE PERSON” MEANS ANY PERSON RESIDENT IN JAPAN, INCLUDING ANY CORPORATION OR OTHER ENTITY ORGANISED UNDER THE LAWS OF JAPAN.

#### **NOTICE TO RESIDENTS OF MALAYSIA:**

NO ACTION HAS BEEN, OR WILL BE, TAKEN TO COMPLY WITH MALAYSIAN LAWS FOR MAKING AVAILABLE, OFFERING FOR SUBSCRIPTION OR PURCHASE, OR ISSUING ANY INVITATION TO SUBSCRIBE FOR OR PURCHASE OR SALE OF THE SHARES IN MALAYSIA OR TO PERSONS IN MALAYSIA AS THE SHARES ARE NOT INTENDED BY THE ISSUER TO BE MADE AVAILABLE, OR MADE THE SUBJECT OF ANY OFFER OR INVITATION TO SUBSCRIBE OR PURCHASE, IN MALAYSIA. NEITHER THIS PROSPECTUS NOR ANY DOCUMENT OR OTHER MATERIAL IN CONNECTION WITH THE SHARES SHOULD BE DISTRIBUTED, CAUSED TO BE DISTRIBUTED OR CIRCULATED IN MALAYSIA. NO PERSON SHOULD MAKE AVAILABLE OR MAKE ANY INVITATION OR OFFER OR INVITATION TO SELL OR PURCHASE THE SHARES IN MALAYSIA UNLESS SUCH PERSON TAKES THE NECESSARY ACTION TO COMPLY WITH MALAYSIAN LAWS.

#### **NOTICE TO RESIDENTS OF MEXICO:**

THE SHARES OFFERED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE NATIONAL REGISTRY OF SECURITIES, MAINTAINED BY THE MEXICAN NATIONAL BANKING COMMISSION AND, AS A RESULT, MAY NOT BE OFFERED OR SOLD PUBLICLY IN MEXICO. THE FUNDS AND ANY DEALER MAY OFFER AND SELL THE SHARES IN MEXICO, TO INSTITUTIONAL AND ACCREDITED INVESTORS, ON A PRIVATE PLACEMENT BASIS, PURSUANT TO ARTICLE 8 OF THE MEXICAN SECURITIES MARKET LAW.

#### **NOTICE TO RESIDENTS OF NEW ZEALAND:**

THIS PROSPECTUS IS NOT A PRODUCT DISCLOSURE STATEMENT FOR THE PURPOSES OF THE FINANCIAL MARKETS CONDUCT ACT 2013 (THE “FMCA”) AND DOES NOT CONTAIN ALL THE INFORMATION TYPICALLY INCLUDED IN SUCH OFFERING DOCUMENTATION. THIS OFFER OF SHARES DOES NOT CONSTITUTE A “REGULATED OFFER” FOR THE PURPOSES OF THE FMCA AND, ACCORDINGLY, THERE IS NEITHER A PRODUCT DISCLOSURE STATEMENT NOR A REGISTER ENTRY AVAILABLE IN RESPECT OF THE OFFER. SHARES MAY ONLY BE OFFERED IN NEW ZEALAND IN ACCORDANCE WITH THE FMCA AND THE FINANCIAL MARKETS CONDUCT REGULATIONS 2014.

#### **NOTICE TO RESIDENTS OF THE PEOPLE'S REPUBLIC OF CHINA:**

THIS PROSPECTUS DOES NOT CONSTITUTE A PUBLIC OFFER OF THE SHARES, WHETHER BY SALE OR SUBSCRIPTION, IN THE PEOPLE'S REPUBLIC OF CHINA (EXCLUDING HONG KONG, MACAU AND TAIWAN) (THE “PRC”). THE SHARES ARE NOT BEING OFFERED OR SOLD DIRECTLY OR INDIRECTLY IN THE PRC TO OR FOR

THE BENEFIT OF, LEGAL OR NATURAL PERSONS OF THE PRC. FURTHER, NO LEGAL OR NATURAL PERSONS OF THE PRC MAY DIRECTLY OR INDIRECTLY PURCHASE ANY OF THE SHARES OR ANY BENEFICIAL INTEREST THEREIN WITHOUT OBTAINING ALL PRIOR PRC'S GOVERNMENTAL APPROVALS THAT ARE REQUIRED, WHETHER STATUTORILY OR OTHERWISE. PERSONS WHO COME INTO POSSESSION OF THIS PROSPECTUS ARE REQUIRED BY THE ISSUER AND ITS REPRESENTATIVES TO OBSERVE THESE RESTRICTIONS. THE INTERESTS OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ANY LAWS OF THE PRC. IN ADDITION, NEITHER THIS PROSPECTUS NOR ANY MATERIAL OR INFORMATION CONTAINED OR INCORPORATED BY REFERENCE HEREIN RELATING TO THE INTERESTS IN THE FUND, WHICH HAVE NOT BEEN AND WILL NOT BE SUBMITTED TO OR APPROVED/VERIFIED BY OR REGISTERED WITH ANY RELEVANT GOVERNMENTAL AUTHORITIES IN THE PRC, MAY BE SUPPLIED TO THE PUBLIC IN THE PRC OR USED IN CONNECTION WITH ANY OFFER OR THE SUBSCRIPTION OR SALE OF THE INTERESTS IN THE FUND IN THE PRC.

**NOTICE TO RESIDENTS OF THE PHILIPPINES:**

THE SECURITIES DESCRIBED IN THIS PROSPECTUS HAVE NOT BEEN REGISTERED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION (PSEC) UNDER THE SECURITIES REGULATION CODE (SRC). ANY OFFER OR SALE OF THE SECURITIES IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE SRC UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

**NOTICE TO RESIDENTS OF SINGAPORE:**

CERTAIN FUNDS OF THE COMPANY (THE "RESTRICTED FUNDS") HAVE BEEN ENTERED INTO THE LIST OF RESTRICTED SCHEMES MAINTAINED BY THE MONETARY AUTHORITY OF SINGAPORE (THE "MAS") FOR PURPOSE OF RESTRICTED OFFER IN SINGAPORE PURSUANT TO SECTION 305 OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE (THE "SFA"). THE LIST OF RESTRICTED FUNDS MAY BE ACCESSED AT: [HTTPS://ESERVICES.MAS.GOV.SG/CISNETPORTAL/JSP/LIST.JSP](https://eservices.mas.gov.sg/cisnetportal/jsp/list.jsp) OR AT SUCH OTHER WEBSITE AS MAY BE DIRECTED BY THE MAS.

IN ADDITION, CERTAIN FUNDS (WHICH MAY INCLUDE RESTRICTED FUNDS) HAVE BEEN RECOGNISED IN SINGAPORE FOR OFFER TO THE RETAIL PUBLIC (THE "RECOGNISED FUNDS"). PLEASE REFER TO THE SINGAPORE PROSPECTUS REGISTERED BY THE MAS RELATING TO THE RECOGNISED FUNDS (THE "SINGAPORE RETAIL PROSPECTUS") FOR THE LIST OF FUNDS WHICH ARE RECOGNISED FUNDS. THE SINGAPORE RETAIL PROSPECTUS MAY BE OBTAINED FROM THE RELEVANT APPOINTED DISTRIBUTORS.

THIS PROSPECTUS RELATES SOLELY TO THE RESTRICTED OFFER OR INVITATION OF THE SHARES OF THE RESTRICTED FUND(S). SAVE FOR THE RESTRICTED FUNDS WHICH ARE ALSO RECOGNISED FUNDS, THE RESTRICTED FUNDS ARE NOT AUTHORISED UNDER SECTION 286 OF THE SFA OR RECOGNISED UNDER SECTION 287 OF THE SFA BY THE MAS AND SHARES OF THE RESTRICTED FUNDS ARE NOT ALLOWED TO BE OFFERED TO THE RETAIL PUBLIC.

THIS PROSPECTUS AND ANY OTHER DOCUMENT OR MATERIAL ISSUED TO YOU IN CONNECTION WITH THE RESTRICTED OFFER OR SALE OF THE RESTRICTED FUND(S) IS NOT A PROSPECTUS AS DEFINED IN THE SFA. ACCORDINGLY, STATUTORY LIABILITY UNDER THE SFA IN RELATION TO THE CONTENT OF PROSPECTUSES DOES NOT APPLY. YOU SHOULD CONSIDER CAREFULLY WHETHER THE INVESTMENT IS SUITABLE FOR YOU.

THIS PROSPECTUS HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MAS. ACCORDINGLY, THIS PROSPECTUS AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE RESTRICTED OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF SHARES OF THE RESTRICTED FUND(S) MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY SHARES OF THE RESTRICTED FUND(S) BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE PURSUANT TO THIS PROSPECTUS, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA AND THE SECURITIES AND FUTURES (CLASSES OF INVESTORS) REGULATIONS 2018) UNDER SECTION 304 OF THE SFA, (II) TO A RELEVANT PERSON (AS DEFINED IN SECTION 305(5) OF THE SFA AND THE SECURITIES AND FUTURES (CLASSES OF INVESTORS) REGULATIONS 2018) PURSUANT TO SECTION 305(1), OR ANY PERSON PURSUANT TO SECTION 305(2), AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 305, OF THE SFA, OR (III) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA. ANY RESTRICTED OFFER OF A RECOGNISED FUND MADE TO YOU PURSUANT TO THIS PROSPECTUS IS MADE UNDER AND IN RELIANCE ON SECTION 304 OR SECTION 305 OF THE SFA, UNLESS OTHERWISE NOTIFIED TO YOU IN WRITING.

WHERE SHARES ARE SUBSCRIBED OR PURCHASED UNDER SECTION 305 OF THE SFA BY A RELEVANT PERSON WHICH IS:



- (A) A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA AND THE SECURITIES AND FUTURES (CLASSES OF INVESTORS) REGULATIONS 2018)) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR; OR
- (B) A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR,

SECURITIES (AS DEFINED IN THE SFA) OF THAT CORPORATION OR THE BENEFICIARIES' RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL NOT BE TRANSFERRED WITHIN SIX MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED THE SHARES PURSUANT TO AN OFFER MADE UNDER SECTION 305 OF THE SFA EXCEPT:

- (1) TO AN INSTITUTIONAL INVESTOR OR TO A RELEVANT PERSON, OR TO ANY PERSON ARISING FROM AN OFFER REFERRED TO IN SECTION 275(1A) OR SECTION 305A(3)(I)(B) OF THE SFA;
- (2) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER;
- (3) WHERE THE TRANSFER IS BY OPERATION OF LAW;
- (4) AS SPECIFIED IN SECTION 305A(5) OF THE SFA; OR
- (5) AS SPECIFIED IN REGULATION 36 OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (COLLECTIVE INVESTMENT SCHEMES) REGULATIONS 2005 OF SINGAPORE.

THE SHARES ARE CAPITAL MARKETS PRODUCTS OTHER THAN PRESCRIBED CAPITAL MARKETS PRODUCTS (AS DEFINED IN THE SECURITIES AND FUTURES (CAPITAL MARKETS PRODUCTS) REGULATIONS 2018) AND SPECIFIED INVESTMENT PRODUCTS (AS DEFINED IN MAS NOTICE SFA 04-N12: NOTICE ON THE SALE OF INVESTMENT PRODUCTS AND MAS NOTICE FAA-N16: NOTICE ON RECOMMENDATIONS ON INVESTMENT PRODUCTS).

#### IMPORTANT INFORMATION FOR RESIDENTS OF SINGAPORE

1. THE RESTRICTED FUNDS ARE REGULATED BY THE CENTRAL BANK OF IRELAND UNDER THE EUROPEAN COMMUNITIES (UNDERTAKINGS FOR COLLECTIVE INVESTMENT IN TRANSFERABLE SECURITIES) REGULATIONS 2011 AS AMENDED AND ANY RULES FROM TIME TO TIME ADOPTED BY THE CENTRAL BANK OF IRELAND PURSUANT THERETO. THE CONTACT DETAILS OF THE CENTRAL BANK OF IRELAND ARE AS FOLLOWS:

ADDRESS: CENTRAL BANK OF IRELAND, NEW WAPPING STREET, NORTH WALL QUAY, DUBLIN 1, IRELAND  
TELEPHONE NO.: +353 1 224 6000  
FACSIMILE NO.: +353 1 671 5550

2. FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.À R.L IS INCORPORATED IN LUXEMBOURG AND REGULATED BY COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER. THE CONTACT DETAILS OF THE COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER ARE AS FOLLOWS:

ADDRESS: COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER, 283, ROUTE D'ARLON L-1150 LUXEMBOURG  
TELEPHONE NO.: (+352) 26 25 1 – 1  
FACSIMILE NO.: (+352) 26 25 1 - 2601

3. THE BANK OF NEW YORK MELLON SA/NV, DUBLIN BRANCH, BEING THE DEPOSITARY OF THE FUNDS, INCLUDING THE RESTRICTED FUNDS, IS REGULATED BY THE EUROPEAN CENTRAL BANK, THE NATIONAL BANK OF BELGIUM, THE BELGIUM FINANCIAL SERVICES AND MARKETS AUTHORITY AND THE CENTRAL BANK OF IRELAND.

4. INFORMATION ON THE PAST PERFORMANCE AND ACCOUNTS OF THE RESTRICTED FUNDS, WHEN AVAILABLE, MAY BE OBTAINED FROM TEMPLETON ASSET MANAGEMENT LTD.

PLEASE NOTE THAT FUNDS OTHER THAN THE RESTRICTED FUNDS ARE NOT AVAILABLE TO INVESTORS IN SINGAPORE PURSUANT TO THIS PROSPECTUS AND REFERENCES TO SUCH FUNDS IN THIS PROSPECTUS ARE NOT AND SHOULD NOT BE CONSTRUED AS AN OFFER OF SHARES OF SUCH FUNDS IN SINGAPORE PURSUANT TO THIS PROSPECTUS.

**NOTICE TO RESIDENTS OF TAIWAN:**

THE CONTENTS OF THIS PROSPECTUS HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN TAIWAN. THE FUNDS REFERRED TO IN THIS PROSPECTUS HAVE BEEN NOT APPROVED BY THE TAIWAN FINANCIAL SUPERVISORY COMMISSION (“FSC”) FOR OFFERING OR SALE TO THE RETAIL PUBLIC IN TAIWAN.

THE FUNDS ARE NOT ALLOWED TO BE SOLD, ISSUED OR OFFERED TO ANY PERSONS IN TAIWAN, EXCEPT IN THE FOLLOWING CIRCUMSTANCES:

- 1) ON A PRIVATE PLACEMENT BASIS, TO CERTAIN “QUALIFIED INSTITUTIONS” AND OTHER ENTITIES OR INDIVIDUALS MEETING SPECIFIC CRITERIA PURSUANT TO THE PRIVATE PLACEMENT PROVISIONS UNDER THE TAIWAN RULES GOVERNING OFFSHORE FUNDS; OR
- 2) THROUGH OFFSHORE BANKING UNIT (“OBU”)/OFFSHORE SECURITY UNIT (“OSU”) IN TAIWAN TO “QUALIFIED OFFSHORE INVESTORS” ONLY (AS PERMITTED UNDER THE TAIWAN OFFSHORE BANKING ACT AND CORRESPONDING REGULATIONS), FOR WHICH CERTAIN FRANKLIN TEMPLETON ENTITIES HAVE BEEN AUTHORISED TO DISTRIBUTE THE FUNDS AS AN APPOINTED DISTRIBUTOR; SUCH FRANKLIN TEMPLETON ENTITY MAY NOT BE LICENSED OR REGISTERED IN TAIWAN DIRECTLY HOWEVER FRANKLIN TEMPLETON SECURITIES INVESTMENT CONSULTING (SINOAM) INC IS APPROVED BY THE FSC AS THE APPOINTED LOCAL SERVICE AGENT OF THESE FRANKLIN TEMPLETON ENTITIES IN RELATION TO OBU/OSU SERVICES.
- 3) BY FRANKLIN TEMPLETON SECURITIES INVESTMENT CONSULTING (SINOAM) INC(PURSUANT TO AN APPROVAL FROM THE FSC), TO “QUALIFIED PROFESSIONAL INSTITUTIONS” (WHO ARE QUALIFIED UNDER ARTICLE 4 OF THE TAIWAN FINANCIAL CONSUMER PROTECTION ACT), WHERE SUCH UNREGISTERED FUND ALSO MEETS CERTAIN CRITERIA PRESCRIBED BY THE TAIWAN RULES AND REGULATIONS, FROM TIME TO TIME.

ACCORDINGLY, THIS PROSPECTUS IS INTENDED ONLY FOR THE CATEGORIES OF PERSONS STATED ABOVE AND SHOULD NOT BE DISTRIBUTED TO ANY MEMBER OF THE PUBLIC IN TAIWAN. IT DOES NOT CONSTITUTE A RECOMMENDATION, OFFER OR INVITATION TO THE PUBLIC TO PURCHASE ANY SHARES IN THE FUND(S) IN TAIWAN. ANY RESALE OR TRANSFER OF THE SHARES OF THE UNREGISTERED FUND(S) IS RESTRICTED EXCEPT AS OTHERWISE PERMITTED BY RELEVANT REGULATIONS.

**NOTICE TO RESIDENTS OF THAILAND:**

THIS PROSPECTUS HAS NOT BEEN APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OF THAILAND WHICH TAKES NO RESPONSIBILITY FOR ITS CONTENTS. NO OFFER TO THE PUBLIC TO PURCHASE THE INTERESTS WILL BE MADE IN THAILAND AND THIS PROSPECTUS IS INTENDED TO BE READ BY THE ADDRESSEE ONLY AND MUST NOT BE PASSED TO, ISSUED TO, OR SHOWN TO THE PUBLIC GENERALLY.

**NOTICE TO RESIDENTS OF UNITED ARAB EMIRATES (INCLUDING THE DUBAI INTERNATIONAL FINANCIAL CENTRE):**

THIS PROSPECTUS, AND THE INFORMATION CONTAINED HEREIN, DOES NOT CONSTITUTE, AND IS NOT INTENDED TO CONSTITUTE, A PUBLIC OFFER OF SECURITIES IN THE UNITED ARAB EMIRATES AND ACCORDINGLY SHOULD NOT BE CONSTRUED AS SUCH. THE INTERESTS ARE ONLY BEING OFFERED TO A LIMITED NUMBER OF SOPHISTICATED INVESTORS IN THE UAE WHO (A) ARE WILLING AND ABLE TO CONDUCT AN INDEPENDENT INVESTIGATION OF THE RISKS INVOLVED IN AN INVESTMENT IN SUCH INTERESTS, AND (B) UPON THEIR SPECIFIC REQUEST. THE INTERESTS HAVE NOT BEEN APPROVED BY OR LICENSED OR REGISTERED WITH THE UAE CENTRAL BANK, THE SECURITIES AND COMMODITIES AUTHORITY OR ANY OTHER RELEVANT LICENSING AUTHORITIES OR GOVERNMENTAL AGENCIES IN THE UAE. THIS PROSPECTUS IS FOR THE USE OF THE NAMED ADDRESSEE ONLY AND SHOULD NOT BE GIVEN OR SHOWN TO ANY OTHER PERSON (OTHER THAN EMPLOYEES, AGENTS OR CONSULTANTS IN CONNECTION WITH THE ADDRESSEE'S CONSIDERATION THEREOF). NO TRANSACTION WILL BE CONCLUDED IN THE UAE.

THIS PROSPECTUS DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER TO ISSUE OR SELL, OR ANY SOLICITATION OF ANY OFFER TO SUBSCRIBE FOR OR PURCHASE, ANY SECURITIES OR INVESTMENT PRODUCTS IN THE DUBAI INTERNATIONAL FINANCIAL CENTRE (“*DIFC*”) AND ACCORDINGLY SHOULD NOT BE CONSTRUED AS SUCH.

FURTHERMORE, THIS INFORMATION IS BEING MADE AVAILABLE ON THE BASIS THAT THE RECIPIENT ACKNOWLEDGES AND UNDERSTANDS THAT THE ENTITIES AND SECURITIES TO WHICH IT MAY RELATE HAVE NOT BEEN APPROVED, LICENSED BY OR REGISTERED WITH THE DUBAI FINANCIAL SERVICES AUTHORITY.

**THE CONTENT OF THIS PROSPECTUS HAS NOT BEEN APPROVED BY OR FILED WITH THE DUBAI FINANCIAL SERVICES AUTHORITY.**

**NOTHING CONTAINED IN THIS PROSPECTUS IS INTENDED TO CONSTITUTE INVESTMENT, LEGAL, TAX, ACCOUNTING OR OTHER PROFESSIONAL ADVICE. THIS PROSPECTUS IS FOR YOUR INFORMATION ONLY AND NOTHING IN THIS PROSPECTUS IS INTENDED TO ENDORSE OR RECOMMEND A PARTICULAR COURSE OF ACTION. YOU SHOULD CONSULT WITH AN APPROPRIATE PROFESSIONAL FOR SPECIFIC ADVICE RENDERED ON THE BASIS OF YOUR SITUATION.**

**NOTICE TO RESIDENTS OF URUGUAY:**

**THE OFFERING OF SHARES OF THE FUNDS CONSTITUTES A PRIVATE PLACEMENT, AND THE SHARES WILL NOT BE REGISTERED WITH THE CENTRAL BANK OF URUGUAY. THE SHARES BEING DISTRIBUTED CORRESPOND TO THE INVESTMENT FUNDS THAT ARE NOT INVESTMENT FUNDS REGULATED BY URUGUAYAN LAW 16,674 DATED SEPTEMBER 27, 1996, AS AMENDED.**

**NOTICE TO RESIDENTS OF VENEZUELA:**

**UNDER THE LAWS OF THE REPÚBLICA BOLIVARIANA DE VENEZUELA, NO PUBLIC OFFER OF THE SECURITIES DESCRIBED IN THIS PROSPECTUS MAY TAKE PLACE WITHOUT THE PRIOR APPROVAL OF THE NATIONAL SECURITIES COMMISSION IN VENEZUELA. THIS PROSPECTUS MAY NOT BE PUBLICLY DISTRIBUTED WITHIN THE TERRITORY OF THE REPÚBLICA BOLIVARIANA DE VENEZUELA.**

**MARKETING RULES**

Shares are offered only on the basis of the information contained in the current Prospectus, the latest audited annual accounts of the Company and the latest half-yearly report of the Company.

Any further information or representation given or made by any dealer, salesman or other person should be disregarded and accordingly should not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares shall, under any circumstances, constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date of this Prospectus. Statements made in this Prospectus are based on the law and practice currently in force in Ireland and are subject to changes therein.

This Prospectus may be translated into other languages provided that any such translation shall be a direct translation of the English text. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in translation, the English text shall prevail and all disputes as to the terms thereof shall be governed by, and construed in accordance with, the law of Ireland. A country supplement, meaning a document used specifically for the offering of Shares of one or more Funds in a particular jurisdiction, may be available for certain jurisdictions where the Funds are offered for sale. **Each such country supplement shall form part of, and should be read in conjunction with, this Prospectus.**

This Prospectus should be read in its entirety before making an application for Shares.

<p><b>MANAGER AND PROMOTER</b></p> <p>Franklin Templeton International Services S.à r.l 8A, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg</p> <p><b>INVESTMENT MANAGERS</b></p> <p><u>FTGF Brandywine Global – EM Macro Bond Fund</u> <u>FTGF Brandywine Global – US High Yield Fund:</u></p> <p>Brandywine Global Investment Management, LLC 1735 Market Street, Suite 1800 Philadelphia, Pennsylvania 19103 United States of America</p> <p><u>FTGF Martin Currie European Unconstrained Fund:</u></p> <p>Martin Currie Investment Management Limited Saltire Court 20 Castle Terrace Edinburgh EH1 2ES Scotland</p> <p><u>FTGF Multi-Asset Infrastructure Income Fund:</u></p> <p>Western Asset Management Company, LLC 385 East Colorado Boulevard Pasadena California 91101 United States of America</p> <p>ClearBridge Investments (North America) Pty Limited Level 13, 35 Clarence Street Sydney NSW 2000 Australia</p> <p><u>Western Asset UCITS SMASH Series Core Plus Completion Fund</u> <u>Legg Mason Western Asset US Dollar Liquidity Fund:</u></p> <p>Western Asset Management Company Limited 10 Exchange Square, Primrose Street London EC2A 2EN United Kingdom</p> <p><b>SUB-INVESTMENT MANAGER</b></p> <p><u>Legg Mason Western Asset US Dollar Liquidity Fund</u> <u>Western Asset UCITS SMASH Series Core Plus Completion Fund:</u></p> <p>Western Asset Management Company, LLC (See address above)</p>	<p><b>BOARD OF DIRECTORS OF THE MANAGER</b></p> <p>Craig Blair Bérengère Blaszczyk Martin Dobbins Jane Trust Ed Venner William Jackson Gwen Shaneyfelt</p> <p><b>BOARD OF DIRECTORS OF THE COMPANY</b></p> <p>Joseph Carrier Fionnuala Doris Joseph Keane Joseph LaRocque William Jackson Jaspal Sagger Jane Trust</p> <p><b>REGISTERED OFFICE OF THE COMPANY</b></p> <p>Riverside Two Sir John Rogerson’s Quay Grand Canal Dock Dublin 2, Ireland</p> <p><b>DEPOSITARY</b></p> <p>The Bank of New York Mellon SA/NV, Dublin Branch Riverside Two Sir John Rogerson’s Quay Dublin, 2 D02 KV60 Ireland</p> <p><b>ADMINISTRATOR</b></p> <p>BNY Mellon Fund Services (Ireland) Designated Activity Company One Dockland Central Guild Street International Financial Services Centre Dublin 1, Ireland</p>	<p><b>MASTER DISTRIBUTOR AND MASTER SHAREHOLDER SERVICING AGENT</b></p> <p>Franklin Distributors, LLC One Franklin Parkway San Mateo, CA 94403</p> <p><b>ADDITIONAL DISTRIBUTORS AND SHAREHOLDER SERVICING AGENTS</b></p> <p>Franklin Templeton International Services, S.À R.L. 8A, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg</p> <p>Franklin Templeton Investments (Asia) Limited 17/ F, Chater House, 8 Connaught Road Central, Hong Kong</p> <p>Templeton Asset Management Ltd 7 Temasek Boulevard, #38 03, Suntec Tower One, Singapore 0389871</p> <p>Franklin Templeton Securities Investment Consulting (SinoAm) Inc8F, No. 87, Sec.4, Zhong Xiao E. Rd., Taipei, Taiwan</p> <p><b>AUDITORS</b></p> <p>PricewaterhouseCoopers Chartered Accountants &amp; Registered Auditors One Spencer Dock North Wall Quay Dublin 1, Ireland</p> <p><b>IRISH LEGAL ADVISERS</b></p> <p>Arthur Cox LLP Ten Earlsfort Terrace Dublin 2, Ireland</p>
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## DEFINITIONS

In this Prospectus the following words and phrases shall have the meanings indicated below:

**“1933 Act”** means the U.S. Securities Act of 1933, as amended;

**“1940 Act”** means the U.S. Investment Company Act of 1940, as amended;

**“Accumulating Share Class”** means any Share Class that includes the term “Accumulating” in its name;

**“Administrator”** means BNY Mellon Fund Services (Ireland) Designated Activity Company;

**“Administration Agreement”** means the agreement dated 22 March 2019 between the Company, Legg Mason Investments (Ireland) Limited and BNY Mellon Fund Services (Ireland) Designated Activity Company, as transferred to the Manager by operation of law pursuant to the merger of Legg Mason Investments (Ireland) Limited into the Manager, and any subsequent amendments or novations thereto;

**“Affiliated Funds”** means certain sub-funds not within the Company as determined by the Directors from time to time and that are managed by affiliate of the Manager;

**“Amortised Cost Method”** means a valuation method which takes the acquisition cost of an asset and adjusts that value for amortisation of premiums or discounts until maturity;

**“Articles of Association”** means the articles of association of the Company;

**“AUD”** means Australian dollars, the lawful currency of Australia;

**“Base Currency”** means the base currency of the Fund as specified in the Prospectus;

**“Benchmarks Regulation”** means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014;

**“Brazilian Issuers”** means issuers that have their seat or registered office in Brazil or conduct the predominant portion of their activities in Brazil;

**“BRL”** means Brazilian real, the lawful currency of Brazil;

**“Business Cycle”** means the recurring and fluctuating levels of economic activity, including expansion and contraction, that an economy experiences over a long period of time. Business Cycles, and the phases within them, may be irregular, varying in frequency, magnitude and duration;

**“Business Day”** means

- for all Funds except the Legg Mason Western Asset US Dollar Liquidity Fund, a day on which the New York Stock Exchange is open for normal business;
- for the Legg Mason Western Asset US Dollar Liquidity Fund, a day on which the Federal Reserve Bank of New York (“FRBNY”), the New York Stock Exchange (“NYSE”) and the US bond markets are open for normal business. Accordingly the Fund will for example be closed the days on which the following US holidays are observed: New Year’s Day, Martin Luther King, Jr. Day, Presidents’ Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans’ Day, Thanksgiving Day and Christmas Day. The FRBNY, NYSE and US bond markets are also closed on weekends and may be closed because of an emergency or other unanticipated event,

or any such other day as the Directors may determine and notify in advance to Shareholders;

**“CAD”** means Canadian Dollars, the lawful currency of Canada;

**“Central Bank”** means Central Bank of Ireland;

**“Central Bank Act”** means the Central Bank (Supervision and Enforcement) Act 2013, as such may be amended, supplemented or replaced from time to time;

**“Central Bank Regulations”** means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2019, as may be amended from time to time;

**“Central Bank Rules”** means the UCITS Regulations, Central Bank Regulations, any regulations, guidance and conditions issued by the Central Bank from time to time pursuant to the UCITS Regulations, the Central Bank Regulations and/or the Central Bank Act regarding the regulation of undertakings for collective investment in transferable securities, as such may be amended, supplemented or replaced from time to time;

**“CHF”** means Swiss Francs, the lawful currency of Switzerland;

**“China”** means the People’s Republic of China;

**“Class”** or **“Share Class”** means any class of Shares of the Company offered or described in this Prospectus. Each Share Class is denominated by a letter type and is distinguishable by specific features with respect to currency, hedging, distributions, target investor, performance fees or other feature, as further described in Schedule IV;

**“CNH”** means the offshore Chinese renminbi;

**“Code”** means the US Internal Revenue Code of 1986, as amended;

**“Collateral Manager”** means The Bank of New York Mellon SA/NV;

**“Companies Acts”** means the Companies Act 2014 as amended, all enactments which are to be read as one with, or construed or read together with or as one with, the Companies Act 2014 and every statutory modification and re-enactment thereof for the time being in force;

**“Company”** means Franklin Templeton Global Funds Plc, an investment company with variable capital, incorporated in Ireland pursuant to the Companies Acts and the UCITS Regulations;

**“Constitution”** means the constitution of the Company, which includes its memorandum of association and Articles of Association;

**“Credit Institution”** means an undertaking the business of which is to take deposits or other repayable funds from the public and to grant credits for its own account as defined in point (1) of article 4(1) of Regulation (EU) No 575/2013;

**“Currency Administrator”** means The Bank of New York Mellon;

**“CZK”** means the Czech Koruna, the lawful currency of the Czech Republic.

**“Data Protection Legislation”** means the Irish Data Protection Acts, 1988 – 2018, the EU Data Protection Directive 95/46/EC, the EU ePrivacy Directive 2002/58/EC (as amended) and any relevant transposition of, or successor or replacement to, those laws (including, when it comes into force, the successor to the ePrivacy Directive);

**“Dealer”** means an authorised dealer or sub-distributor of Shares of a Fund or the Funds;

**“Dealing Day”** means such Business Day or Business Days as the Directors from time to time may determine, provided that, unless otherwise determined and notified in advance to Shareholders, each Business Day shall be a Dealing Day and provided further that there shall be at least one Dealing Day per fortnight;

**“Depository”** means The Bank of New York Mellon SA/NV, Dublin Branch;

**“Depository Agreement”** means the agreement dated 22 March 2019 between the Company, the Manager and BNY Mellon Trust Company (Ireland) Limited, as transferred to the Depository by operation of law pursuant to the merger of BNY Mellon

Trust Company (Ireland Limited into the Depositary, and any subsequent amendments or novations thereto, pursuant to which the Depositary acts as depositary of the Company;

**“Directive”** means the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended from time to time;

**“Directors”** means the directors of the Company for the time being and any duly constituted committee thereof;

**“Distributing Plus Share Classes”** means any Distributing Share Class that includes “Plus,” but not “Plus (e),” in its name;

**“Distributor”** or **“Distributors”** means FT Luxembourg, the Master Distributor, FTIA, Templeton Asset Management Ltd and Franklin Templeton Securities Investment Consulting (SinoAm) Inc;

**“Distribution Agreement”** means an agreement appointing a Distributor as a distributor of the Company or any Fund;

**“DKK”** means Danish Krone, the lawful currency of Denmark;

**“Emerging Market Corporate Bond”** means a corporate debt security of an issuer whose domicile is in an Emerging Market Country or that conducts a predominant portion of its activities in an Emerging Market Country;

**“Emerging Market Country”** means: (i) for any Fund with “Brandywine” in its name: any country included in the JP Morgan Government Bond Index-Emerging Markets Global Diversified or the JP Morgan Emerging Markets Bond Index Global Diversified or the JP Morgan Corporate Emerging Markets Bond Index; and (ii) for any other Fund: any country in which, at the time of purchase of securities, the per capita income is in the low to upper middle ranges, as determined by the World Bank;

**“ESMA”** means the European Securities and Markets Authority, or such replacement or successor authority as may be appointed from time to time;

**“ESMA Benchmark Registers”** means the ESMA benchmark administrator register and the third country benchmark register;

**“EU”** means the European Union;

**“Euro”** or **“€”** means the euro;

**“FATCA”** or the **“Foreign Account Tax Compliance Act”** means sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, and any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of these Sections of the Code;

**“Financial Account”** means a “Financial Account” as used in the Irish IGA;

**“Franklin Templeton Investments”** means Franklin Resources, Inc. and its subsidiaries and affiliates worldwide;

**“FTIA”** means Franklin Templeton Investments (Asia) Limited.

**“FT Luxembourg”** means Franklin Templeton International Services, S.À R.L.

**“Funds”** means FTGF Martin Currie European Unconstrained Fund, FTGF Brandywine Global – EM Macro Bond Fund, FTGF Brandywine Global – US High Yield Fund, FTGF Multi-Asset Infrastructure Income Fund, Western Asset UCITS SMASh Series Core Plus Completion Fund and Legg Mason Western Asset US Dollar Liquidity Fund, and **“Fund”** means any one of them;

**“fund”** means any fund from time to time established by the Company with the prior approval of the Central Bank including the Funds, where appropriate;

**“GBP”** means Pound Sterling, the lawful currency of the United Kingdom;

**“Grandfathered Share Classes”** means GS Share Classes and GC Share Classes of the Legg Mason Western Asset US Dollar Liquidity Fund as further described in Schedule IV of the Prospectus;

**“Hedged Share Class”** means any Share Class with the term “(Hedged)” in its name, including the Portfolio Hedged Share Classes;

**“HKD”** means Hong Kong Dollars, the lawful currency of Hong Kong;

**“HUF”** means Hungarian Forint, the lawful currency of Hungary;

**“Initial Offer Period”** means the period determined by the Directors during which Shares in the Fund or a particular Share Class of the Fund are first offered for subscription or on such other date or dates as the Directors may determine, having notified the Central Bank;

**“Intermediary”** means an intermediary within the meaning of Section 739B(1) of the TCA, being a person who (i) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons, or (ii) holds shares in an investment undertaking on behalf of other persons;

**“Investment Grade”** in reference to a security means that the security has a rating of BBB- or higher from S&P or Baa3 or higher from Moody’s or the equivalent or higher from another NRSRO;

**“Investment Management Agreement”** means an agreement, pursuant to which an Investment Manager is appointed as an investment manager of the Company or any Fund, including any subsequent amendments or novation’s thereto;

**“Investment Manager”** means such party appointed from time to time to act as investment manager in accordance with the requirements of the Central Bank and as set out on page x of this Prospectus, provided that each Investment Manager may appoint sub-investment managers and/or sub-investment advisors to manage any portion of the assets of any Fund in accordance with the requirements of the Central Bank Rules. Where appropriate, a reference to an Investment Manager shall include a reference to any Sub-Investment Manager it may have appointed;

**“Investor Money Regulations”** means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers;

**“Investor Monies”** means the subscription monies received from, and redemption monies due to, investors in the Funds and dividend monies due to Shareholders;

**“Irish IGA”** means the intergovernmental agreement signed in December 2012 between Ireland and the US facilitating the implementation of FATCA;

**“Irish Resident”** means, unless otherwise determined by the Directors, any person who is Ordinarily Resident in Ireland or Resident in Ireland, as defined in the “Taxation” section of the Prospectus;

**“IRS”** means the US Internal Revenue Service;

**“JP Morgan Corporate Emerging Markets Bond Index”** is an index that measures the performance of USD-denominated corporate debt in emerging markets. Constituents are subject to minimum debt outstanding, maturity and liquidity requirements;

**“JP Morgan Emerging Markets Bond Index – Global Diversified Index”** is an index that measures performance of USD-denominated government debt in emerging markets. Constituents are subject to minimum debt outstanding and liquidity requirements;

**“JP Morgan Government Bond Index – Emerging Markets Global Diversified Index”** is an index that measures performance of local currency government debt in emerging markets. It includes only countries that are accessible (investable) to most international investors;

**“JPY”** means Japanese Yen, the lawful currency of Japan;

**“KRW”** means Korean Won, the lawful currency of South Korea;

**“Franklin Templeton”** means Franklin Templeton Investments and its affiliated companies (formerly “Legg Mason”);

**“Franklin Templeton Irish Domiciled Funds”** means Franklin Templeton Global Funds PLC, Franklin Templeton Global

Solutions PLC, Franklin Templeton Qualified Investor Funds (II) PLC, Western Asset Liquidity Funds PLC, Franklin Emerging Market Debt Opportunities Fund plc and Franklin Floating Rate Fund Plc;

**“LM Share Class”** means any Share Class with “LM” in its name;

**“Manager”** means Franklin Templeton International Services S.à r.l.;

**“Management Agreement”** means the agreement between the Company and Legg Mason Investments (Ireland) Limited, as transferred to the Manager by operation of law pursuant to the merger of Legg Mason Investments (Ireland) Limited into the Manager, and any subsequent amendments or novations thereto;

**“mark-to-market”** means the valuation of positions at readily available close out prices that are sourced independently, including exchange prices, screen prices or quotes from several independent reputable brokers. When using mark-to-market, the assets of the Money Market Funds shall be valued at the more prudent side of bid and offer unless the assets can be closed out at mid-market;

**“mark-to-model”** means any valuation which is benchmarked, extrapolated or otherwise calculated from one or more market input;

**“Master Distribution Agreement”** means the agreement dated 22 March 2019 between Legg Mason Investments (Ireland) Limited (as transferred to the Manager by operation of law pursuant to the merger of Legg Mason Investments (Ireland) Limited into the Manager), the Company and Franklin Distributors, LLC (formerly known as Legg Mason Investor Services, LLC), and any subsequent amendments or novations thereto;

**“Master Distributor”** means Franklin Distributors, LLC;

**“Master Shareholder Servicing Agent”** means Franklin Distributors, LLC;

**“Master Shareholder Servicing Agreement”** means the agreement dated 22 March 2019 between Legg Mason Investments (Ireland) Limited (as transferred to the Manager by operation of law pursuant to the merger of Legg Mason Investments (Ireland) Limited into the Manager), the Company and Franklin Distributors, LLC (formerly known as Legg Mason Investor Services, LLC), and any subsequent amendments or novations thereto;

**“MIFID II”** means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended from time to time;

**“MLP”** means master-limited partnership;

**“MMF Regulation”** means Regulation (EU) 2017/1131 of the European Parliament and the Council of 14 June 2017 on money market funds, as amended;

**“Money Market Fund”** means any fund designated as a “Money Market Fund” in the Fund Summary and authorised as a money market fund under the MMF Regulation;

**“Money Market Instruments”** means money market instruments that fall within one of the categories listed in Section A.1. of Schedule II of the Base Prospectus;

**“Moody’s”** means Moody’s Investors’ Services, Inc., the rating agency;

**“MXN”** means Mexican pesos, the lawful currency of Mexico;

**“NASDAQ”** means the market regulated by the Financial Industry Regulatory Authority, Inc. in the U.S.;

**“Net Asset Value” or “NAV”** means the net asset value of the Company, or of a fund or share class of a fund, as appropriate, calculated as described herein;

**“Net Asset Value per Share” or “NAV per Share”** means in respect of any Share the Net Asset Value attributable to the Shares issued in respect of a fund or share class divided by the number of Shares in issue in respect of that fund or share class;

**“NOK”** means Norwegian Kroner, the lawful currency of Norway;

**“Non-United States person”** means any of the following: (a) a natural person who is not a resident of the US; (b) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-US jurisdiction and which has its principal place of business in a non-US jurisdiction; (c) an estate or trust, the income of which is not subject to US income tax regardless of source; (d) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of the US Commodity Futures Trading Commission's regulations by virtue of its participants being Non-United States persons; and (e) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside of the US;

**“NRSRO”** means Nationally Recognised Statistical Rating Organisation;

**“NZD”** means New Zealand Dollars, the lawful currency of New Zealand;

**“OECD”** means the Organisation for Economic Co-Operation and Development;

**“Original Lender”** means an entity which, itself or through related entities, directly or indirectly, concluded the original agreement which created the obligations or potential obligations of the debtor or potential debtor giving rise to the exposures being securitised;

**“Originator”** means an entity which: (a) itself or through related entities, directly or indirectly, was involved in the original agreement which created the obligations or potential obligations of the debtor or potential debtor giving rise to the exposures being securitised; or (b) purchases a third party's exposures on its own account and then securitises them;

**“PLN”** means Polish zloty, the lawful currency of Poland;

**“PRC”** means People's Republic of China;

**“Premier Class Shares”** means Shares of any Premier Share Class;

**“Premier Share Class”** means any Share Class with “Premier” in its name;

**“Professional Investor”** means an investor who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. Professional investors include, among others, entities which are required to be authorised or regulated to operate in the financial markets, large undertakings, and other institutional investors whose main activity is to invest in financial instruments;

**“Public Debt Money Market Instruments”** means eligible Money Market Instruments issued or guaranteed separately by the European Union, the national, regional and local administrations of the Member States or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a third country (including the US), the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements, and any other relevant international financial institution or organisation to which one or more Member States belong and which issuers may include, without limitation, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac) Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank and Federal Farm Credit Banks Funding Corporation;

**“Regulated Market”** means a stock exchange or regulated market which is provided for in Schedule II;

**“REIT”** means real estate investment trust;

**“Repurchase Agreement”** means any agreement pursuant to which a Fund transfers securities, or any rights related to a title or security, to a counterparty subject to a commitment to repurchase them at a specified price on a future date specified or to be specified;



**“Revenue Commissioners”** means the Office of the Revenue Commissioners of Ireland;

**“Reverse Repurchase Agreement”** means an agreement pursuant to which a Fund receives securities, or any rights related to a title or security, from a counterparty subject to a commitment to sell them back at a specific price on a future date specified or to be specified;

**“Russian Issuers”** means issuers that have their seat or registered office in Russia or that conduct a predominant portion of their activities in Russia;

**“SEC”** means the Securities and Exchange Commission of the U.S.;

**“Securities Financing Transactions Regulation”** means 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) No 648/2012;

**“Securities Financing Transaction” or “SFT”** means any of the following: a repurchase transaction, securities or commodities lending and securities or commodities borrowing, a buy- sell back transaction or sell-buy back transaction and a margin lending transaction;

**“Securitisation”** means a transaction or scheme, whereby the credit risk associated with an exposure or a pool of exposures is tranching, having all of the following characteristics: (a) payments in the transaction or scheme are dependent upon the performance of the exposure or of the pool of exposures; (b) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme; (c) 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 Position”** means an exposure to a Securitisation;

**“Securitisation Regulation”** means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012, as such may be amended, supplement or replaced from time to time;

**“SEK”** means Swedish kronor, the lawful currency of Sweden;

**“SGD”** means Singapore Dollars, the lawful currency of the Republic of Singapore;

**“Share” or “Shares”** means any share or shares in the Company;

**“Shareholder”** means a holder of Shares;

**“Shareholder Servicing Agent” or “Shareholder Servicing Agents”** means the Master Shareholding Servicing Agent, FTIA and Templeton Asset Management Ltd;

**“Shareholder Servicing Agreement”** means an agreement appointing a Shareholder Servicing Agent as shareholder servicing agent of the Company or any Fund;

**“S&P”** means Standard & Poor’s Corporation, the rating agency;

**“Sponsor”** means a credit institution, whether located in the EU or not, as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013, or an investment firm as defined in point (1) of Article 4(1) of Directive 2014/65/EU other than an Originator, that: (a) establishes and manages an asset-backed commercial paper programme or other securitisation that purchases exposures from third-party entities, or (b) establishes an asset-backed commercial paper programme or other securitisation that purchases exposures from third-party entities and delegates the day-to-day active portfolio management involved in that securitisation to an entity authorised to perform such activity in accordance with Directive 2009/65/EC, Directive 2011/61/EU or Directive 2014/65/EU;

**“STRIPS”** means Separate Trading of Registered Interest and Principal of Securities as more particularly described in the “STRIPS” sub-section in the “Further Information on the Securities in Which the Funds May Invest” section;

**“Sub-Investment Manager”** means for each Fund the sub-investment manager or sub-investment managers indicated in the tables on page x, and in addition for each Fund any other sub-investment manager that the Investment Manager may appoint in the future to manage the Fund, provided that disclosure of any such sub-investment managers appointed by the Investment Manager will be provided to Shareholders upon request and details thereof will be disclosed in the periodic reports to Shareholders, and provided further that each Sub-Investment Manager may appoint a sub-investment manager/advisor to manage/advise any portion of the assets of the Fund in accordance with the requirements of the Central Bank Rules;

**“Sub-Investment Management Agreement”** means a sub-investment management agreement pursuant to which a Sub-Investment Manager is appointed as a sub-investment manager of a Fund;

**“Subscriber Shares”** means the initial share capital of the Company subscribed for at no par value;

**“Supplemental Prospectus”** means any supplemental prospectus issued by the Company which supplements this Prospectus;

**“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;

**“UCITS”** means an undertaking for collective investment in transferable securities established pursuant to the UCITS Regulations;

**“UCITS Regulations”** means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended and any rules from time to time adopted by the Central Bank pursuant thereto which rules are referred to as the **“Central Bank Rules”**;

**“Umbrella Cash Account”** means any single umbrella cash account in the name of the Company;

**“US”** or **“United States”** means the United States of America, its territories, possessions and all other areas subject to its jurisdiction;

**“US\$”** or **“US Dollar”** or **“USD”** means US Dollars, the lawful currency of the U.S.;

**“US Person”** has the meaning provided in Schedule V herein;

**“US Reportable Account”** means a Financial Account held by a US Reportable Person;

**“US Reportable Person”** has the meaning provided in Schedule VI herein;

**“US Taxpayer”** has the meaning provided in Schedule VI herein;

**“Valuation Point”** means for all Funds, 4:00 pm in New York (Eastern Time) in the United States;

**“Weighted Average Life”** or **“WAL”** means the average length of time to legal maturity of all of the underlying assets in a Money Market Fund reflecting the relative holdings in each asset. It is used to measure the credit risk, as the longer the reimbursement of principal is postponed, the higher is the credit risk. It is also used to limit the liquidity risk of that relevant Money Market Fund;

**“Weighted Average Maturity”** or **“WAM”** means the average length of time to legal maturity or, if shorter, to the next interest rate reset to a money market rate, of all of the underlying assets in a Money Market Fund reflecting the relative holdings in each asset. It is used to measure the sensitivity of a Money Market Fund to changing money market interest rates;

**“ZAR”** means South African Rand, the lawful currency of South Africa.

## INTRODUCTION

The Company is an open-ended investment company with variable capital organised under the laws of Ireland as a public limited company pursuant to the Companies Acts and the UCITS Regulations. It was incorporated on 13 January, 1998 under registration number 278601. Its object, as set out in Clause 2 of the Company's Memorandum of Association, is the collective investment in transferable securities and other liquid financial assets of capital raised from the public and which operates on the basis of risk spreading.

The Company is organised in the form of an umbrella fund. The Articles of Association provide that the Company may offer separate share classes, each representing interests in a fund comprising a distinct portfolio of investments. The Company may from time to time create additional funds with the prior approval of the Central Bank. The investment objective and policies of the funds are outlined in the Fund Summaries or a separate prospectus, together with details of the Initial Offer Period and such other relevant information as the Directors may deem appropriate, or the Central Bank may require, to be included.

As of the date of this Prospectus, the Company has also obtained the approval of the Central Bank for the Main Prospectus Funds, which are offered pursuant to a separate prospectus.

Within each Fund, separate Share Classes may be issued as more fully described in this Prospectus. A separate portfolio of assets shall not be maintained for a Share Class. The creation of additional Share Classes must be notified to, and cleared, in advance with the Central Bank. See Schedule IV for more information on the Share Classes offered by each Fund and the "Distributions" section for more information on the distribution policies of each Share Class. Each Fund (except for the Legg Mason Western Asset US Dollar Liquidity Fund) may offer Share Classes designated in currencies other than the Base Currency of the Fund (see the "Currency Transactions" section for more information). Schedule VIII provides information about the minimums for initial investments in the various Share Classes.

Prospective investors should consult with their legal, tax and financial advisers in relation to which Share Class would best suit their investment needs.

Further information on the Company structure, detailed investment objectives, fees and expenses, investor restrictions, investment risks and taxation are contained elsewhere within this Prospectus. Please refer to the Index page for more information.

## FUND SUMMARIES

### FTGF MARTIN CURRIE EUROPEAN UNCONSTRAINED FUND

**Prospective investors should refer to the annex to this Supplement regarding the Fund's environmental and / or social characteristics.**

**Investment Objective:** The investment objective of the Fund is to provide long-term capital appreciation through investment in a concentrated portfolio comprised primarily of European equities.

**Investment Policies:** The Fund invests at least 80% of its NAV in shares of companies domiciled or listed in Europe, or which conduct the predominant part of their economic activity in Europe. Such investment may be direct or indirect through equity-related securities, depositary receipts or collective investment schemes, or long positions through derivatives, each as described in the section entitled "Further Information on the Securities in which the Funds May Invest".

The Fund will invest in companies that, in the opinion of the Investment Manager in accordance with the Investment Manager's investment process, (i) have the potential to generate or sustain a high return on invested capital (ROIC) in excess of their weighted average cost of capital; (ii) have the potential to provide an attractive growth profile and/or cash flow generation over the long term; and (iii) are expected to have supportive accounting practices and environmental, social and governance (ESG) practices. To determine whether a company meets these criteria, the Investment Manager analyses the company's positioning within its industry and the dynamics of that industry and makes financial projections for the company. These projections may include forecasts of return on invested capital, cash flow growth, cash flow generation and estimated weighted average cost of capital. The Investment Manager's investment process consists of screening for companies with such characteristics and running an in-depth fundamental analysis on those companies. The Investment Manager focuses on forecasting issuers' growth and returns outlook via the Investment Manager's proprietary research platform, while using various valuation methodologies to assess potential long-term share price appreciation. These valuation methodologies include the discounted cash flow and enterprise value/invested capital methodologies.

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS:** The Investment Manager assesses ESG factors/characteristics. These factors/characteristics are assessed both quantitatively and qualitatively, through their proprietary ESG rating system and its direct research and engagement process.

The Investment Manager assesses those ESG factors that could impact the ability of an issuer to generate future sustainable returns. These may include shareholder rights, accounting standards, remuneration, board structure, labour relations, supply chain, data protection, pollution/hazardous waste policies, water usage, and climate change policies. These characteristics are assessed both quantitatively and qualitatively, through the Investment Manager's proprietary ESG ratings system and its direct research and engagement process.

Additional consideration of environmental and social characteristics of investments are achieved by looking at the investments at a portfolio level for possible positive or adverse exposures. These analyses may include a consideration of carbon footprint analysis, CarbonVAR and the extent to which investee companies have reduction and efficiency targets in relation to climate change. Social characteristics are additionally analysed through various lenses, for example the lens of alignment with the UN Sustainable Development Goals ("SDGs")<sup>1</sup> to help build an understanding of the business and the lens of compliance with the UN Global Compact 2000.<sup>2</sup>

The proprietary ESG ratings capture this forward-looking analysis with companies assigned a risk rating on each of governance and sustainability (environmental and social) from 1 (low risk) to 5 (high risk) following consideration of environment, social affairs and corporate governance sustainability factors (as described in the section of the Prospectus entitled "*Sustainability Risk*").

Companies that have a sustainability or governance risk rating of 4 or higher will not be included in the Fund.

In addition, the Fund will not invest in:

- Companies which generate more than 5% of revenue from tobacco production, distribution or wholesale trading
- Companies which generate more than 5% of revenue from the production or distribution of weapons.
- Companies which generate more than 5% of revenue from the production or distribution of fossil fuels.

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<sup>1</sup> 17 sustainable development goals adopted by all United Nations Member States as part of the 2030 Agenda for Sustainable Development.

<sup>2</sup> The UN Global Compact is a corporate sustainability initiative and requires participating companies to produce an annual Communication on Progress ("COP") that details their work to embed the Ten Principles into their strategies and operations, as well as efforts to support the societal priorities of labour, environment, human rights and anti-corruption. The COP is a visible expression of commitment to sustainability and stakeholders can view it on a company's profile page.

## FTGF MARTIN CURRIE EUROPEAN UNCONSTRAINED FUND (cont'd.)

- Companies which generate more than 5% revenue from coal based power generation or the mining or distribution of thermal coal.
- Companies which produce or distribute controversial weapons<sup>3</sup> (i.e., anti-personnel mines, nuclear weaponry, biological & chemical weaponry and cluster munitions).
- Companies which generate more than 15% of revenue from nuclear power generation.
- Companies generating revenue from mining of metals and minerals as defined by GICS sub-industries Diversified Metals and Mining, Copper, Gold and Precious Metals and Minerals.
- Companies involved in the production, sale or distribution of dedicated and key components of anti-personnel mines and cluster munitions.
- Companies assessed as 'fail' under the UN Global Compact.

The Investment Manager applies its ESG process (as set out above) to 100% of the portfolio of the Fund.

On a best effort basis, the Investment Manager proceeds with a formal review of alleged violations of UN Global Compact Principles, international norms on human rights, labour rights, environment standards and anti-corruption statutes. The severity of the violation, response, frequency and nature of the involvement are considered when deciding appropriate action.

**TAXONOMY REGULATION:** The Fund promotes environmental characteristics and is classified as an Article 8 pursuant to the Sustainable Finance Disclosure Regulation ((EU) 2019/2088).

The investments underlying the 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 at this time and, therefore, there may be zero investments that qualify as environmentally sustainable economic activities under the Taxonomy Regulation. However, in line with its ESG methodology, the Fund may hold investments that contribute to climate change mitigation and climate change adaptation.

Investors should note that the “do no significant harm” principle under Taxonomy Regulation applies only to those investments underlying the Fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the Fund do not take into account the EU criteria for environmentally sustainable economic activities under the Taxonomy Regulation.

The Fund will maintain a portfolio ESG rating higher than that of the Fund's investment universe.

Where the Investment Manager identifies areas that do not meet expectations of best practice on material environmental or social issues, the manager will engage with companies to encourage improvement.

The Investment Manager also seeks to identify attractive compounding growth and/or return dynamics in specific areas of the market by using detailed industry analysis. The Investment Manager will focus on those specific areas of the market that, in the opinion of the Investment Manager and based on its industry analysis, generally offer better return prospects. These specific areas are not pre-determined and will vary over time depending on market conditions. The Investment Manager's detailed industry analysis is a proprietary process that assesses such factors as competitive dynamics, market share, risks of disruption, pricing risk and industry life cycles to understand the market dynamics and prospects for the relevant industry.

The initial investment in a security will typically constitute from 2% to 5% of the Fund's NAV, with the specific weighting dependent on the Investment Manager's conviction in the business model, valuation, and correlation with other Fund holdings. The Investment Manager expects that the Fund's portfolio will typically consist of between 20 to 40 different issuers, though the Fund may hold less than 20 issuers (provided that the Fund remains sufficiently diversified in accordance with the UCITS Regulations as set out in Schedule I) or more than 40 issuers if deemed in the best interests of the Fund by the Investment Manager. The Investment Manager prefers to hold investments for the long term, in order to have the best opportunity to capture the full valuation upside of the investments. The Fund is therefore expected to have a relatively low level of portfolio turnover. The Investment Manager engages with the management of the companies in which the Fund invests, or may invest in, to establish a constructive dialogue with regard to sources of value creation, socially responsible investing and any other stewardship related matters. Such engagement may occur through meetings and written communication and cover such issues as how the companies remunerate management, deploy capital, structure their board, and use natural resources.

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<sup>3</sup> (a) Weapons according to (i) The Convention of the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction and (ii) The Convention on the Prohibition of Cluster Munitions and (b) weapons classed as either B- or C- weapons pursuant to the United Nations Biological Weapons Convention and the United Nations Chemical Weapons Convention respectively.

## FTGF MARTIN CURRIE EUROPEAN UNCONSTRAINED FUND (cont'd.)

The Fund may invest in futures on European equity indices for efficient portfolio management and low exercise price warrants for investment purposes, for example where local market access via a local securities account is not available or desirable. Forward currency exchange contracts may be used only with respect to the Hedged Share Classes offered by the Fund. The Fund will not

invest in any other types of derivatives. The Fund may have global exposure, as measured using the commitment approach, of up to 100% of its NAV as a result of its use of derivatives. The Fund will not take any short positions.

The Fund may invest up to 20% of its NAV in aggregate in: Money Market Instruments; deposits; derivatives; non-European equities; and units or shares of other collective investment schemes within the meaning of Regulation 68(1)(e) of the UCITS Regulations provided that the Fund may invest no more than 10% of its NAV in units or shares of such other collective investment schemes, and investments in such schemes will be for the purposes of gaining exposure to European equities or otherwise to pursue the investment objective and policies of the Fund. The Fund may invest up to 10% of its NAV in securities issued by Russian issuers.

Assets of the Fund may be denominated in currencies other than the Base Currency of the Fund. Therefore, the Fund may be exposed to currency risk due to fluctuations in the exchange rate between such currencies and the Base Currency. The Investment Manager will not try to mitigate this risk.

Investors' attention is drawn to the section entitled "Further Information on the Securities in which the Funds May Invest" in this Prospectus.

**Benchmark:** The Fund's benchmark index is the MSCI Europe (Net Dividends) Index (the "Benchmark"). The Fund is actively managed, and the Investment Manager is not constrained by the Benchmark. The Fund uses the Benchmark for performance comparison purposes. While many of the Fund's investments will be components of the Benchmark, the weightings of the Fund's holdings may differ materially from the weightings in the Benchmark. The Fund will also invest in securities that are not included in the Benchmark. The Fund's percentage exposures to sectors and industries may differ materially from those of the Benchmark.

**Base Currency:** Euro

**Profile of a Typical Investor:** The Fund could be a suitable investment for investors who are looking to invest in a fund that is seeking long-term capital appreciation over the longer term and are willing to accept fluctuations (sometimes significant) in the NAV per Share of the Fund during the short term.

### Share Classes, Fees and Charges<sup>1</sup>:

Share Class	Initial Sales Charge	Annual Management Fee	Annual Shareholder Servicing Fee	Annual Combined Administration and Depositary Fee	Contingent Deferred Sales Charge
Each Class A Share Class	5.00%	1.50%	0.35%	0.15%	None
Each Class B Share Class	None	2.00%	0.35%	0.15%	5.00%
Each Class C Share Class	None	2.00%	0.35%	0.15%	1.00%
Each Class E Share Class	2.50%	2.25%	0.35%	0.15%	None
Each Class F Share Class	None	1.25%	None	0.15%	None
Each Class R Share Class	None	1.00%	0.35%	0.15%	None
Each Class X Share Class	None	0.75%	0.35%	0.15%	None
Each Premier Share Class	None	0.75%	None	0.15%	None
Each S Share Class	None	0.65%	None	0.15%	None
Each LM Share Class	None	None	None	0.15%	None

<sup>1</sup> For each category of fees and charges, the figures shown represent the maximum that may be charged. For more information on these and other fees and charges that are borne by the Fund, please see the "Fees and Expenses" section herein.

See the "Minimum Subscription Amounts" sub-section in the "Administration of the Company" section herein for information regarding the investment minimums and other eligibility requirements for each Share Class.

Schedule IV to this Prospectus includes a chart detailing all of the Share Classes offered by the Fund.



## FTGF BRANDYWINE GLOBAL – EM MACRO BOND FUND

**Investors should note that an investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**Investment Objective:** The Fund's investment objective is to maximise total return consisting of income and capital appreciation.

**Investment Policies:** The Fund invests at least 70% of its NAV in: (i) debt securities issued by Governments (as defined below) in Emerging Market Countries or by issuers that have their registered office, or conduct the predominant portion of their economic activities, in Emerging Market Countries (collectively, "Emerging Market Debt Securities"), which are listed or traded on Regulated Markets located anywhere in the world; and (ii) long derivative positions on: Emerging Market Debt Securities, eligible fixed income indices providing exposure to Emerging Market Countries and/or currencies of Emerging Market Countries.<sup>4</sup> The debt securities in which the Fund may invest include debt securities issued or guaranteed by national governments and their agencies, instrumentalities and political sub-divisions (as well as the agencies and instrumentalities of such sub-divisions) ("Governments"); STRIPS and inflation index-linked securities; and debt securities of supranational organisations such as freely transferable promissory notes, bonds and debentures; corporate debt securities such as freely transferable promissory notes, debentures, fixed and floating rate bonds, zero coupon bonds, non-convertible notes, commercial paper, certificates of deposit, and bankers' acceptances issued by industrial, utility, finance, commercial banking or bank holding company organisations; structured notes that are transferable securities, whose underlying exposure will be to fixed income securities, provided that the Fund would be permitted to invest directly in such underlying fixed income securities; securitised participations in loans that are transferable securities; mortgage-backed securities and asset-backed securities that are structured as debt securities (the structured notes, mortgage-backed securities and asset-backed securities in which the Fund may invest will not contain embedded derivatives). Reverse Repurchase Agreements which will have debt securities as the underlying instruments may be utilised for efficient portfolio management purposes. Except to the extent permitted by the UCITS Regulations, the securities in which the Fund will invest will be listed or traded on a Regulated Market located anywhere in the world, as set out in Schedule II.

With respect to the Emerging Market Debt Securities, the Investment Manager may allocate between: (i) debt issued by Governments that is denominated in the currencies of the Emerging Market Countries of the relevant Governments; (ii) debt issued by Governments that is denominated in currencies of Developed Countries; (iii) Emerging Market Corporate Bonds denominated in the currencies of Emerging Market Countries; and (iv) Emerging Market Corporate Bonds denominated in the currencies of Developed Countries. The particular mix of the above types of debt at any given time will depend upon the Investment Manager's investment outlook, as discussed further below.

The Investment Manager seeks to identify valuation anomalies across interest rates, currencies and credit spreads of emerging markets, using a top-down investment approach based on the Investment Manager's macroeconomic views. The Fund takes long positions in assets deemed by the Investment Manager to be undervalued, and short positions (via derivatives) in assets deemed by the Investment Manager to be overvalued. The Fund does not attempt to track any emerging market indices – instead the portfolio is constructed by the Investment Manager based on its valuation assessments.

The Investment Manager may take advantage of the entire range of maturities and durations when purchasing debt securities for the Fund, and may adjust the average duration of the Fund's investments from time to time, depending on their assessment of the relative yields of securities of different maturities and durations and their expectations of future changes in interest rates. The average weighted duration of the Fund's portfolio will not differ by more than 36 months from that of a blended index consisting of 50% JP Morgan Government Bond Index – Emerging Markets Global Diversified Index, 25% JP Morgan Emerging Markets Bond Index – Global Diversified Index and 25% JP Morgan Corporate Emerging Markets Bond Index.

The Fund may invest extensively in certain types of derivatives whether for investment purposes or the purposes of efficient portfolio management, as described in the section entitled "Investment Techniques and Instruments and Financial Derivative Instruments", namely options, futures and options on futures, swaps and forward currency exchange contracts. Swaps used by the Fund may include interest rate, total return, credit default and inflation swaps. Total return swaps may be used to obtain long exposure to a particular market or asset class deemed undervalued by the Investment Manager. To the extent that the Fund uses derivatives, and subject to the limit set out here, it will do so to gain exposure to any or all of the following: debt securities, interest rates, currencies and fixed income indices which meet the eligibility requirements of the Central Bank. Derivatives, in general, involve special risks and costs and may result in losses to the Fund. For a fuller description of the risks involved, please see the section entitled "Risk Factors".

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<sup>4</sup> The underlying value of such derivatives positions shall be used for the purposes of determining compliance with the 70% minimum.

## **FTGF BRANDYWINE GLOBAL – EM MACRO BOND FUND (cont'd.)**

The Investment Manager intends to employ an active currency strategy, which forms a significant part of the Investment Manager's overall investment strategy. The Fund may have net long positions in various currencies, through bond positions denominated in that currency and derivative positions. The Fund may also have net short positions in various currencies through derivative positions, provided that the aggregate net short exposure to such currencies will not exceed 35% of the NAV, and the aggregate net long exposure to all currencies will not exceed 135% of the NAV.

The market risk of the Fund will be measured using the value-at-risk ("VaR") methodology. The absolute VaR of the Fund will not exceed 20% of the Fund's NAV. Investors should note that VaR is a risk measurement tool that makes certain assumptions, which could prove wrong, and has inherent limitations. Funds using VaR may still have substantial losses. When deemed appropriate by the Investment Manager, the Fund may hold short positions, on individual securities, credit indices, currencies and/or interest rates. The Fund will not directly short securities but instead will hold any short positions through derivatives of the types described above. The Fund may take short positions on bonds, interest rates and currencies that the Investment Manager believes are overvalued.

It is anticipated that, under normal market conditions, the Fund may be leveraged up to 200% of the Fund's NAV, with potentially all or a significant portion of such exposure being generated by short positions. Under exceptional circumstances, the Fund may be leveraged up to 500% of its NAV, with potentially all or a significant portion of such exposure being generated by short positions. Exceptional circumstances may include periods characterised by: (i) lack of liquidity, particularly in securities listed, traded or dealt on a Regulated Market, such that the Investment Manager alternatively seeks exposure in derivative markets; (ii) volatility whereby the Investment Manager seeks to hedge or be opportunistic while respecting the investment policies and restrictions applicable to the Fund; and (iii) imperfect correlations and unanticipated market conditions. Derivatives can vary in efficiency and those that correspond to short-date maturities or are short-term maturity instruments are generally less efficient than those with longer-dated maturities or which are long-term maturity instruments. When very short-term/dated instruments are used, comparatively higher leverage values will result. The Investment Manager does not expect allocations to extreme short-term/dated instruments to be central to achieving the Fund's investment objective, but they may be used. The Fund has high leverage limits. If the Fund uses a high amount of leverage, especially the higher amount permitted in exceptional circumstances, it may suffer greater losses than would have occurred absent the high leverage.

The Fund employs an actively managed strategy to invest in a combination of Investment Grade and below Investment Grade (high yield) debt securities. The Fund may purchase debt securities that, at the time of purchase, are rated below Investment Grade or, if unrated, are deemed by the Investment Manager to be of comparable quality, so long as such purchase would not cause more than 50% of the Fund's NAV to be comprised of investments that are rated below Investment Grade or, if unrated, deemed by the Investment Manager to be of comparable credit quality. Thus, a significant percentage of the Fund's NAV may be comprised of investments rated below Investment Grade or, if unrated, of comparable credit quality. Although the Fund may purchase debt securities rated below Investment Grade, the Fund will only purchase those debt securities rated at least B- by S&P or its equivalent by another NRSRO or, if unrated, deemed to be of comparable quality by the Investment Manager. Debt securities that qualify as asset-backed securities, credit-linked notes and similar assets (i.e. investments whose yield or repayment is linked to credit risks or that are used to transfer the credit risk of a third party) may only be purchased by the Fund if rated Investment Grade or, if unrated, deemed by the Investment Manager to be of comparable quality. Debt securities rated below Investment Grade are deemed by rating agencies to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal and may involve major risk of exposure to adverse conditions.

If more than one NRSRO rates the security and the ratings are not equivalent, the second highest rating will be considered the security's rating. If a security is downgraded after its purchase by the Fund to below the minimum required rating, the security will be sold by the Fund within 6 months of the downgrade. See Schedule III for more information on the ratings of the various NRSROs.

The Fund may invest up to 10% of its NAV in units or shares of other UCITS or other collective investment schemes within the meaning of Regulation 68(1)(e) of the UCITS Regulations. Any such investments in collective investment schemes will be made to gain exposure to the investments contemplated in these investment policies.

The Fund's maximum exposure to total return swaps and SFTs, based on the notional value of these instruments, is 25% of its NAV, though the Fund is not currently expected to invest in such instruments.

The Fund is not a complete investment programme, and there can be no assurances it will achieve its investment objective.

Due to the investment policies of the Fund, it may have particularly volatile performance. Investors' attention is drawn to the section entitled "Further Information on the Securities in Which the Funds May Invest".

## FTGF BRANDYWINE GLOBAL – EM MACRO BOND FUND (cont'd.)

**Base Currency:** US Dollar

**Profile of a Typical Investor:** The Fund could be a suitable investment for investors who are looking to invest in a fund that is seeking total return over the long term through income and capital appreciation and who are willing to accept fluctuations (sometimes significant) in the NAV per Share of the Fund during the short term.

**Benchmark:** The Fund's benchmark index is a composite index comprised of: 50% JP Morgan Government Bond Index – Emerging Markets Diversified Total Return Index; 25% JP Morgan Emerging Markets Bond Index – Global Diversified; 25% JP Morgan Corporate Emerging Markets Bond Index (the "Benchmark"). The Fund is actively managed, and the Investment Manager is not constrained by the Benchmark. The Fund uses the Benchmark for performance comparison purposes.

### Share Classes, Fees and Charges<sup>1</sup>:

Share Class	Initial Sales Charge	Annual Management Fee	Annual Shareholder Servicing Fee	Annual Combined Administration and Depositary Fee	Contingent Deferred Sales Charge
Each Class A Share Class	5.00%	1.40%	0.15%	0.15%	None
Each Class B Share Class	None	1.65%	0.15%	0.15%	5.00%
Each Class C Share Class	None	1.90%	0.15%	0.15%	1.00%
Each Class E Share Class	2.50%	2.00%	0.15%	0.15%	None
Each Class F Share Class	None	0.95%	None	0.15%	None
Each Class X Share Class	None	0.70%	0.15%	0.15%	None
Each Premier Share Class	None	0.70%	None	0.15%	None
Each S Share Class	None	0.55%	None	0.15%	None
Each LM Share Class	None	None	None	0.15%	None

<sup>1</sup> For each category of fees and charges, the figures shown represent the maximum that may be charged. For more information on these and other fees and charges that are borne by the Fund, please see the "Fees and Expenses" section herein.

See the "Minimum Subscription Amounts" sub-section in the "Administration of the Company" section herein for information regarding the investment minimums and other eligibility requirements for each Share Class.

Schedule IV to this Prospectus includes a chart detailing all of the Share Classes offered by the Fund.

## FTGF BRANDYWINE GLOBAL – US HIGH YIELD FUND

**Investors should note that an investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**Investment Objective:** The Fund's investment objective is to generate income and long-term capital appreciation.

**Investment Policies:** The Fund invests at all times at least 70% of its NAV in debt securities considered high yielding by the Investment Manager, denominated in US Dollars, and listed or traded on Regulated Markets in the United States. Higher yields are generally available from securities rated BB+ or lower by S&P, or Ba1 or lower by Moody's, or the equivalent or lower from another NRSRO, or if unrated deemed by the Investment Manager to be of comparable quality. Debt securities rated below Investment Grade are deemed by ratings agencies to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal and may involve major risk of exposure to adverse conditions. The Fund may invest in debt securities rated as low as C by Moody's or D by S&P, which ratings indicate that the obligations are highly speculative and may be in default or in danger of default as to principal and interest. The Investment Manager does not rely solely on the ratings of rated securities in making investment decisions, but instead uses a quantitative and qualitative process to determine which securities offer value. The qualitative factors which are considered include third-party research, business model analysis and meetings with issuer management. The quantitative factors include the output of the Investment Manager's proprietary models that analyse broad valuations across credit markets (by sector and credit quality), interest rates and currencies to identify potential valuation anomalies. The Investment Manager also uses a proprietary credit default probability model to try to identify those debt securities that have the highest risk of defaulting.

The Fund will not directly short securities but instead may as part of its investment strategy hold short positions exclusively through derivatives (including credit default swaps, index swaps, interest rate swaps, futures and forwards) on currencies, interest rates or bonds.

The types of debt securities in which the Fund may invest include: corporate debt securities, including freely transferable promissory notes; convertible and non-convertible notes; commercial paper, certificates of deposits, and bankers acceptances issued by industrial, utility, finance, commercial banking or bank holding company organisations; structured notes that are transferable securities whose underlying exposure may be to fixed income securities (the structured notes in which the Fund may invest may contain embedded derivatives, and the Fund may be leveraged as a result, subject to the overall leverage limits set forth below); mortgage-backed and asset-backed securities that are structured as debt securities (the mortgage-backed and asset-backed securities in which the Fund may invest will not contain embedded derivatives); securitised participations in loans that are transferable securities; Eurodollar bonds and Yankee dollar instruments (including senior and subordinated notes); and Rule 144A securities. These debt securities may contain any type of interest rate payment terms or terms under which the interest rate may be reset, including fixed rate, adjustable rate, zero coupon, contingent, deferred, payment-in-kind and those with auction rate features. The convertible notes in which the Fund may invest may contain embedded derivatives and/or leverage subject to the overall leverage limits set forth below. The Fund's aggregate exposure to securitised participations in loans and mortgage-backed securities and asset-backed securities that are structured as debt securities, such as collateralised loan obligations and CMOs, will not exceed 20% of its Net Asset Value. In addition, the Fund's aggregate exposure to collateralised loan obligations and CMOs will not exceed 10% of its Net Asset Value.

Factors that help determine which corporate debt securities offer value include the quality of the issuer's business model, the position of the securities in the capital structure of the issuer, the quality of the covenants in the securities, and the likely recovery rate on the securities in the event of stress. In addition to the fundamental factors listed above, the Investment Manager will also utilise macro-economic inputs to help determine the value or risk of certain securities or sectors within the investable universe.

The Fund may invest in aggregate up to 30% of its NAV in Money Market Instruments listed or traded on a Regulated Market; debt securities of the types listed above which are rated Investment Grade; debt securities issued or guaranteed by national governments, their agencies, instrumentalities and political sub-divisions; convertible debt securities; and debt securities of the types listed above, which are not listed or traded on a Regulated Market, provided however that a maximum of 10% of the Fund's NAV may be invested in securities not listed or traded on a Regulated Market. A maximum of 10% may be invested in equity securities, including preferred shares and warrants. A maximum of 10% of the Fund's NAV may be invested in units or shares of other collective investment schemes within the meaning of Regulation 68(1)(e) of the UCITS Regulations. The purpose of such investments will be to gain exposure to the types of investments described herein.

At least 95% of the Fund's NAV will be denominated in US Dollars.

## FTGF BRANDYWINE GLOBAL – US HIGH YIELD FUND (cont'd.)

The Fund may purchase unsecuritised participations in or assignments of floating rate mortgages or other commercial loans that are liquid and will provide for interest rate adjustments at least every 397 days and which may be secured by real estate or other assets. These participations may be interests in, or assignments of, the loan and may be acquired from banks or brokers that have made the loan or members of the lending syndicate. Such participations, combined with any other investments that are subject to Clause 2.1 in Schedule I.A., will not exceed 10% of the NAV of the Fund in the aggregate.

The Investment Manager may take full advantage of the entire range of maturities and durations when purchasing debt securities for the Fund, and may adjust the average duration of the Fund's portfolio investments from time to time, depending on its assessment of the relative yields of securities of different maturities and durations and their expectations of future changes in interest rates. The average weighted duration of the Fund is expected to range from 0 to 10 years.

The Fund may invest (whether for investment purposes or the purposes of efficient portfolio management) in certain types of derivatives, as described in the "Investment Techniques and Instruments and Financial Derivative Instruments" section herein, including options, futures and options on futures, swaps, including credit default swaps, index swaps, interest rate swaps and total return swaps, and forward currency exchange contracts. Where the Fund uses derivatives, it will do so to gain or hedge exposure to interest rates or credit risk, or to hedge exposure to currencies.

The Fund will not be leveraged, including any synthetic short positions, in excess of 100% of its NAV. Subject to this limit, the Fund is expected to have net long exposure. The Fund may have long positions (including derivatives) of up to 200% of its NAV, and the Fund may have short derivative positions of up to 100% of its NAV, as calculated using the commitment approach. The Fund may take long derivatives positions in any of the assets described in these investment policies (including derivatives on indices (which meet the eligibility requirements of the Central Bank) comprised of such assets). For investment purposes, the Fund may take short investment positions in interest rates or bonds deemed to be overvalued based on the Investment Manager's quantitative and qualitative research process. The Fund may also take short positions to hedge long positions in currencies, interest rates and bonds, in order to try to mitigate volatility and preserve the value of the Fund. The Fund will not take direct short positions on individual securities. Financial derivative instruments, in general, involve special risks and costs and may result in losses to the Fund. For a fuller description of the risks involved, please see the section entitled "Risk Factors".

The Fund may have exposure to Reverse Repurchase Agreements for efficient portfolio management purposes. The Fund's maximum exposure to total return swaps and SFTs, based on the notional value of these instruments, is 100% of its NAV, though the Fund is not currently expected to invest in such instruments.

Investors' attention is drawn to the section entitled "Further Information on the Securities in Which the Funds May Invest".

**Benchmark:** The Fund's benchmark index is the ICE BofAML U.S. High Yield Index (the "**Benchmark**"). The Fund is actively managed and the Fund uses the Benchmark for performance comparison purposes only. The Investment Manager has discretion in selecting investments within the Fund's objective and investment policies and the Investment Manager is not constrained by the Benchmark.

**Base Currency:** US Dollar

**Profile of a Typical Investor:** The Fund could be a suitable investment for investors who are looking to invest in a fund that is seeking to generate income and long-term capital appreciation and are willing to accept fluctuations (sometimes significant) in the NAV per Share of the Fund during the short term. The Fund is suitable for long-term investors.

**FTGF BRANDYWINE GLOBAL – US HIGH YIELD FUND (cont'd.)****Share Classes, Fees and Charges<sup>1</sup>:**

<b>Share Class</b>	<b>Initial Sales Charge</b>	<b>Annual Management Fee</b>	<b>Annual Shareholder Servicing Fee</b>	<b>Annual Combined Administration and Depositary Fee</b>	<b>Contingent Deferred Sales Charge</b>
Each Class A Share Class	5.00%	1.10%	0.15%	0.15%	None
Each Class B Share Class	None	1.35%	0.15%	0.15%	5.00%
Each Class C Share Class	None	1.60%	0.15%	0.15%	1.00%
Each Class F Share Class	None	0.85%	None	0.15%	None
Each Premier Share Class	None	0.60%	None	0.15%	None
Each S Share Class	None	0.50%	None	0.15%	None
Each LM Share Class	None	None	None	0.15%	None
Each Class X Share Class	None	0.60%	0.15%	0.15%	None

<sup>1</sup> For each category of fees and charges, the figures shown represent the maximum that may be charged. For more information on these and other fees and charges that are borne by the Fund, please see the “Fees and Expenses” section herein.

See the “Minimum Subscription Amounts” sub-section in the “Administration of the Company” section herein for information regarding the investment minimums and other eligibility requirements for each Share Class.

Schedule IV to this Prospectus includes a chart detailing all of the Share Classes offered by the Fund.



## FTGF MULTI-ASSET INFRASTRUCTURE INCOME FUND

**Investment Objective:** The Fund's investment objective is to achieve long-term stable growth, with a high proportion of total return coming from income.

**Investment Policies:** The Fund will invest in at least 80% of its NAV in equity securities issued by infrastructure companies ("Infrastructure Equities") and debt securities issued by infrastructure companies ("Infrastructure Debt"), which are listed or traded on Regulated Markets. Generally, this will result in investment in the following sectors:

- utilities (which may include electric, gas and water utilities and companies with similar characteristics);
- transport (which may include toll roads, bridges, tunnels, rail infrastructure, airports, ports and companies with similar characteristics);
- communications (satellite, wireless tower and other communication network related companies); and
- community and social infrastructure (which may include education, public housing, prison, stadia and related facilities and infrastructure).

ClearBridge Investments (North America) Pty Limited is responsible for day-to-day portfolio management of the Fund's investment in Infrastructure Equities. Western Asset Management Company, LLC and any affiliates to which it may delegate its duties (collectively, "Western Asset"), is responsible for day-to-day portfolio management of the Fund's investment in Infrastructure Debt.

ClearBridge Investments (North America) Pty Limited, in consultation with Western Asset, is responsible for determining the balance between Infrastructure Equities and Infrastructure Debt in the Fund's portfolio. It is expected that over the long term, the average allocation to Infrastructure Equities will be approximately 60% of the Fund's NAV, and the average allocation to Infrastructure Debt will be approximately 40% of the Fund's NAV. At any given time, the Fund's allocation to Infrastructure Equities may be between 25% to 75% of the Fund's NAV, and likewise the Fund's allocation to Infrastructure Debt may be between 25% to 75% of the Fund's NAV. The allocation between Infrastructure Equities and Infrastructure Debt will be determined by ClearBridge Investments (North America) Pty Limited and Western Asset separately for each geographic region invested in by the Fund, based on the economic cycle stage of that region as determined by ClearBridge Investments (North America) Pty Limited and Western Asset. The economic cycle of a region is typically split into early, mid and late expansionary and contractionary phases. Within each region in which it invests, the Fund's exposure to Infrastructure Equities will generally be higher during a mid or late expansionary phase and the Fund's exposure to Infrastructure Debt will generally be higher during a contractionary phase or early expansionary phase. Each of the various geographic regions in which the Fund will invest is likely to be in a different stage of the economic cycle at any given time, which will ultimately determine the Fund's overall balance between Infrastructure Equities and Infrastructure Debt. ClearBridge Investments (North America) Pty Limited and Western Asset will communicate regularly to share views and to seek to ensure that the Fund's portfolio, as a whole, reflects a consistent investment outlook.

### Infrastructure Equities

ClearBridge Investments (North America) Pty Limited will seek to construct an investable universe of infrastructure companies that: (1) have a long life span (generally infrastructure assets are built and expected to last 40 years or more); (2) offer predictable cash flows because of the long-term nature of their contracts and the fact that fees or rents payable to such companies are typically dictated or constrained by regulation; (3) have low earnings volatility; (4) benefit from inflation protection of cash flows or assets; and (5) operate in the infrastructure sector where competition is limited due to high barriers to entry. ClearBridge Investments (North America) Pty Limited researches these companies and the specific business environments in which they operate. An important part of the research is meeting with the management of the companies and contacting governments, regulators, suppliers, competitors and other industry stakeholders. ClearBridge Investments (North America) Pty Limited uses a bottom-up approach in selecting investments and performs financial modelling of each company, which analyses how the company is likely to perform in different economic scenarios. ClearBridge Investments (North America) Pty Limited also forecasts macroeconomic development, and this helps identify sectors and regions that may be more attractive for investment. Such macroeconomic forecasts may also result in ClearBridge Investments (North America) Pty Limited deciding to keep companies in the Fund's portfolio that are less attractive fundamentally but are located in a region or sector where the macroeconomic forecast is positive.

ClearBridge Investments (North America) Pty Limited expects that the Fund will typically invest in approximately 75 Infrastructure Equities, although the actual number will vary over time. The Fund may invest in American and global depositary receipts (ADRs / GDRs) of companies which are listed or traded on a Regulated Market.

The Fund may invest up to 20% of its NAV in closed-ended collective investment schemes such as REITs. Any REIT in which the Fund will invest shall be listed or traded on a Regulated Market. REITs focused on infrastructure assets will be considered Infrastructure Equities for purposes of these policies.

## **FTGF MULTI-ASSET INFRASTRUCTURE INCOME FUND (cont'd.)**

The Fund may invest in certain eligible China A-Shares via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect (the “Stock Connects”). Exposure to China A-Shares through the Stock Connects will not be more than 10% of the Fund’s NAV.

### **Infrastructure Debt**

Western Asset is responsible for day-to-day portfolio management of the Fund’s investment in Infrastructure Debt. The Fund will invest in Infrastructure Debt issued by issuers located anywhere in the world. The Fund may invest in the following types of debt securities: securities issued or guaranteed by national governments (including STRIPS and inflation index-linked securities), their agencies, instrumentalities and political sub-divisions; securities of supranational organisations such as freely transferable promissory notes, bonds and debentures; corporate debt securities including freely transferable promissory notes, fixed and floating rate bonds, inflation index-linked bonds, zero coupon bonds, debentures, non-convertible notes, commercial paper, certificates of deposit and bankers’ acceptances; securitised participations in loans that are freely transferable securities; structured notes that are freely transferable securities; asset-backed securities structured as debt securities and Reverse Repurchase Agreements with debt securities as the underlying instruments (for efficient portfolio management purposes only and subject to the requirements of the Central Bank). The structured notes in which the Fund may invest may contain embedded derivatives. The Fund may be leveraged as a result, subject to the overall leverage limits set forth below. The asset-backed securities in which the Fund may invest will not contain embedded derivatives. The Fund may invest in debt securities which are not listed or traded on a Regulated Market, subject to the limit set out paragraph 2.1 in Schedule I.

In determining whether the Fund should invest in a particular debt security, Western Asset will consider factors such as: price, coupon and yield to maturity; Western Asset’s assessment of the credit quality of the issuer; the issuer’s available cash flow and the related coverage ratios; the property, if any, securing the debt obligation and the express terms of the obligation, including default and early redemption provisions.

The Fund may purchase infrastructure debt securities (listed above) that at the time of purchase are rated below Investment Grade or if unrated deemed by Western Asset to be of comparable quality, so long as such purchase would not cause more than 10% of the value of the Infrastructure Debt allocation of the Fund to be comprised of investments that are rated below Investment Grade or if unrated deemed by Western Asset to be of comparable credit quality. If a security is downgraded after its purchase by the Fund, Western Asset may continue to hold such security on behalf of the Fund if Western Asset determines that it is in the best interests of the Fund and continues to be consistent with the Fund’s investment objective. See Schedule III for more information on the ratings of the various NRSROs.

Western Asset may take full advantage of the entire range of maturities and durations when purchasing debt securities for the Fund, and may adjust the average duration of the Infrastructure Debt allocation from time to time, depending on Western Asset’s assessment of the relative yields of securities of different maturities and durations and their expectations of future changes in interest rates. Western Asset expects the average duration of the Fund’s allocation to Infrastructure Debt to range between 2 and 20 years, depending on Western Asset’s forecast for interest rates and yields.

### **Additional Information**

A maximum of 10% of the Fund’s NAV may be invested in units or shares of other collective investment schemes within the meaning of Regulation 68(1)(e) of the UCITS Regulations, and such investments will be for the purposes of gaining exposure to the types of instruments described above or otherwise to pursue the investment objective and policies of the Fund. The Fund’s maximum exposure to total return swaps and SFTs, based on the notional value of such instruments, is 50% of its NAV. It is expected that the Fund will have exposure to these instruments in the range of 0% to 10% of its NAV.

The Fund may invest in certain types of derivatives whether for investment purposes or efficient portfolio management, as described in the “Investment Techniques and Instruments and Financial Derivative Instruments” section, including futures providing exposure to equity and equity-related securities, currency swaps, rights and warrants, participation notes, forward currency exchange contracts, futures providing exposure to government-issued debt, and credit default swaps (on individual issuers and eligible indices). The Fund may have long positions (including derivatives) of up to 200% of its NAV, and the Fund may have short derivative positions of up to 100% of its NAV, as calculated using the commitment approach. Subject to these limits, the Fund is expected to be net long.

## FTGF MULTI-ASSET INFRASTRUCTURE INCOME FUND (cont'd.)

Assets of the Fund may be denominated in currencies other than the Base Currency. As a result, the Fund may be exposed to currency risk due to fluctuations in the exchange rate between such currencies and the Base Currency. ClearBridge Investments (North America) Pty Limited and Western Asset may or may not seek to mitigate this risk through the use of various hedging strategies using derivatives. More information concerning such currency hedging strategies and the risks associated therewith are set forth in the “Investment Techniques and Instruments and Financial Derivative Instruments” and “Risk Factors” sections in this Prospectus.

Investors’ attention is drawn to the section entitled “Further Information on the Securities in Which the Fund May Invest”. The Fund is not a complete investment programme, and there can be no assurances it will achieve its objective.

**Benchmark:** The Fund’s benchmark index is a composite index comprised of: 60% Infra Equity Index Composite (itself a composite comprised of 50% DJ Brookfield Infrastructure Index and 50% FTSE Global Core 50/50 Infrastructure Index) and 40% Infra Fixed Income Composite (itself a composite comprised of 70% DJB Corporate Bond Index and 30% S&P Taxable Revenue Muni Bond Infrastructure Index) (the “Benchmark”). The Fund is actively managed, and ClearBridge Investments (North America) Pty Limited and Western Asset are not constrained by the Benchmark. The Fund uses the Benchmark for performance comparison purposes. While many of the Fund’s investments may be components of the Benchmark, the weightings of the Fund’s holdings may differ materially from the weightings in the Benchmark.

**Base Currency:** US Dollar

**Profile of a Typical Investor:** The Fund could be a suitable investment for investors who are looking to invest in a fund that is seeking long-term stable growth, with a high proportion of total return coming from income, and who are willing to accept fluctuations (sometimes significant) in the NAV per Share during the short term.

### Share Classes, Fees and Charges<sup>1</sup>:

Share Class	Initial Sales Charge	Annual Management Fee	Annual Shareholder Servicing Fee	Annual Combined Administration and Depositary Fee	Contingent Deferred Sales Charge
Each Class A Share Class	5.00%	1.30%	0.35%	0.15%	None
Each Class B Share Class	None	1.80%	0.35%	0.15%	5.00%
Each Class C Share Class	None	1.80%	0.35%	0.15%	1.00%
Each Class E Share Class	2.50%	2.05%	0.35%	0.15%	None
Each Class F Share Class	None	1.05%	None	0.15%	None
Each Class X Share Class	None	0.65%	0.35%	0.15%	None
Each Premier Share Class	None	0.65%	None	0.15%	None
Each S Share Class	None	0.45%	None	0.15%	None
Each LM Share Class	None	None	None	0.15%	None

<sup>1</sup> For each category of fees and charges, the figures shown represent the maximum that may be charged. For more information on these and other fees and charges that are borne by the Fund, please see the “Fees and Expenses” section herein.

See the “Minimum Subscription Amounts” sub-section in the “Administration of the Company” section herein for information regarding the investment minimums and other eligibility requirements for each Share Class.

Schedule IV to this Prospectus includes a chart detailing all of the Share Classes offered by the Fund.

## LEGG MASON WESTERN ASSET US DOLLAR LIQUIDITY FUND

**This Fund is closed to new subscriptions (including conversions into the Fund) and is in the process of being terminated.**

**Investment Objective:** The Fund's investment objective is to maintain the principal of the Fund and provide a return in line with money market rates.

**Investment Policies:** The Fund invests directly or indirectly in a wide range of high quality eligible Money Market Instruments and short term debt instruments that are eligible assets under the UCITS Regulations and the MMF Regulation denominated in US Dollars such as United States Treasury bills and Treasury notes (including zero coupon bonds), securities issued by United States sponsored government agencies or instrumentalities, bonds, domestic and Eurodollar commercial paper, floating rate securities, certificates of deposit, banker's acceptances, asset backed securities such as collateralised loan obligations and commercial backed obligations and mortgage-backed securities<sup>5</sup>.

The Fund may also invest in deposits and US Dollar denominated time deposits with Credit Institutions.

By way of derogation, the Fund is authorised by the Central Bank to invest up to 100% of its Net Asset Value in Public Debt Money Market Instruments provided that: (i) it holds Public Debt Money Market Instruments from at least six different issues by issuer; and (ii) it limits the investment in Public Debt Money Market Instruments from the same issue to a maximum of 30% of its Net Asset Value.

The securities acquired by the Fund are listed or traded on Regulated Markets.

The Fund may use eligible Reverse Repurchase Agreements, futures, swaps and options for efficient management purposes. The Fund does not intend to use derivatives for investment purposes. The Fund's maximum exposure to Reverse Repurchase Agreements, based on the notional value of such instruments, is 100% of its NAV. It is expected that the Fund will have exposure to these instruments in the range of 0% to 20% of its NAV.

The Fund limits the Weighted Average Maturity of its portfolio to 60 days or less and limits the Weighted Average Life of its portfolio to 120 days or less. The Fund complies on an ongoing basis with the portfolio rules described in Schedule X.

The Fund is a short-term low volatility net asset value ("LVNAV") Money Market Fund in accordance with the requirements of the Central Bank Regulations.

The Fund's assets are valued by using the mark-to-market method, whenever possible, or the mark-to-model method. Assets having a residual maturity of up to 75 days may be valued using the Amortised Cost Method but only if the valuation using the Amortised Cost Method does not deviate by more than 0.10% from its valuation using the market-to-market or mark-to-model method. The Investment Manager and the Sub-Investment Manager ("Western Asset") monitor the difference between the constant NAV and the NAV calculated in accordance with the mark-to-market or mark-to-model method and publish it daily on [www.lmwamoneymarket.com](http://www.lmwamoneymarket.com).

The Fund seeks to maintain a constant NAV in respect of its Distributing Share Class. The constant NAV is rounded to the nearest cent. Shares of the Distributing Share Class will be issued or redeemed at the constant NAV of USD1.00 unless the constant NAV deviates by more than 0.2% from the NAV calculated in accordance with the mark-to-market or mark-to-model method. The NAV of the Accumulating Share Classes of the Fund fluctuates.

The Company will make available on [www.lmwamoneymarket.com](http://www.lmwamoneymarket.com) the following information in respect of the Fund to its Shareholders on a weekly basis:

- (i) the maturity breakdown of the portfolio;
- (ii) the credit profile;
- (iii) the Weighted Average Maturity and Weighted Average Life;
- (iv) details of the 10 largest holdings, including the name, country, maturity and asset type, and the counterparty in the case of Reverse Repurchase Agreements;
- (v) the total value of the assets; and

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<sup>5</sup> Prefer refer to section 1 "Eligible Assets" of Schedule X for the eligibility criteria of instruments in which the Fund may invest.

(vi) the net yield.

The Fund does not rely on external support to guarantee its liquidity or to stabilise its constant NAV per Share. The Fund is not a guaranteed investment. There is a risk that Shareholders might not recover their initial investment. **The value of an investment in the Fund, in contrast to a deposit, may fluctuate.**

The Fund has received an AAAM rating by Standard & Poor's and an AAAMmf rating by Fitch. These ratings were solicited or financed by Western Asset. These ratings are not intended to be relied upon in considering the performance of the Fund with respect to appreciation, volatility of NAV or yield.

The Fund's investments will be limited by these policies and the applicable requirements of the UCITS Regulations (set out in Schedule I of this Prospectus) and the MMF Regulation (set out in Schedule X of this Prospectus). The diversification and concentration requirements, portfolio rules, credit quality assessment procedure, liquidity management procedure and valuation applicable to the Fund are described in Schedule X of this Prospectus.

**Benchmark:** The Fund's benchmark index is the USD Overnight LIBID (the "Benchmark"). The Fund is actively managed, and the Investment Manager is not constrained by the Benchmark. The Investment Manager has discretion in selecting investments within the Fund's objective and investment policies. The Benchmark is used for performance comparison purposes and by the Investment Manager in measuring and managing investment risk.

**Base Currency:** US Dollar.

**Profile of a Typical Investor:** The Fund could be a suitable investment for investors who are looking to invest in a fund that is seeking to provide consistent returns in line with money market rates while preserving their capital.

**Settlement:**

- For subscriptions: on the same Dealing Day.
- For redemptions: one Business Day after the Dealing Day on which correct redemption documentation is received.

**Share Classes, Fees and Charges<sup>1</sup>:**

Share Class	Initial Sales Charge	Annual Management Fee	Annual Shareholder Servicing Fee	Annual Combined Administration and Depositary Fee	Contingent Deferred Sales Charge
Class A Shares	5.00%	0.70%	None	0.15%	None
B Share Class	None	0.95%	None	0.15%	None
C Share Class	None	1.05%	None	0.15%	None
D Share Class	None	0.50%	None	0.15%	None
F Share Class	None	0.20%	None	0.15%	None
X Share Class	None	0.35%	None	0.15%	None
LM Share Class	None	0.00%	None	0.10%	None
Grandfathered Share Classes	Initial Sales Charge	Annual Management Fee	Annual Shareholder Servicing Fee	Annual Combined Administration and Depositary Fee	Contingent Deferred Sales Charge
GS Share Class <sup>2</sup>	None	0.35%	None	0.15%	None
GC Share Class <sup>2</sup>	None	0.20%	None	0.15%	None

<sup>1</sup> For each category of fees and charges, the figures shown represent the maximum that may be charged. For more information on these and other fees and charges that are borne by the Fund, please see the "Fees and Expenses" section.

<sup>2</sup> The total operating expenses borne by the GS and GC Share Classes will not exceed 0.50% for GS Share Classes and 0.35% for GC Share Classes of the average daily NAV of the Fund on an annual basis. Operating expenses are inclusive of the Management Fee, Administration Fee, Depositary Fee and all other services and out-of-pocket expenses associated with the Fund's operation.

Please refer to the "Minimum Subscription Amounts" in the "Administration of the Company" section for information regarding the investment minimums and to Schedule IV for eligibility requirements for each Share Class.

## WESTERN ASSET UCITS SMASH SERIES CORE PLUS COMPLETION FUND

**Investors should note that an investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**Investment Objective:** The Fund's investment objective is to maximise total return, consisting of capital appreciation and income.

**Investment Policies:** The Fund invests at least 70% of its NAV in debt securities listed or traded on Regulated Markets in the United States listed in Schedule III of the Base Prospectus and which are issued by issuers located anywhere in the world. The types of debt securities in which the Fund may invest include: debt securities issued or guaranteed by the United States government, its agencies, instrumentalities and political sub-divisions; debt securities issued by other national governments<sup>6</sup> their agencies, instrumentalities and political sub-divisions; debt securities of supranational organisations (as described in the Prospectus under the heading "*Supranational Governments*") such as freely transferable promissory notes, bonds and debentures; corporate debt securities, including freely transferable promissory notes, debentures, fixed or floating bonds; convertible debt (excluding contingent convertible debt); non-convertible notes; credit-linked notes, commercial paper, certificates of deposits, and bankers acceptances issued by industrial, utility, finance, commercial banking or bank holding company organisations; and mortgage-backed and asset-backed securities structured as debt securities.

The Fund may have exposure of up to 75% of its NAV to mortgage-backed and asset-backed securities (which may be secured by auto loans, consumer loans, student loans, corporate loans, franchises, small business loans, equipment, solar, credit card and aircraft). The Fund may have an exposure of up to 10% of its NAV to collateralised loan obligations. The mortgage-backed and asset-backed securities and credit-linked notes in which the Fund invests may contain embedded derivatives and/or leverage, and the Fund may be leveraged as a result, subject to the overall leverage limits set forth below.

A maximum of 25% of the Fund's NAV may be invested in convertible debt securities. Up to 10% of the Fund's NAV may be invested in equity securities, namely preferred shares or common stocks and equity related securities (as described under the heading "*Equity-Related Securities*") including warrants (a maximum of 5% of the Fund's Net Asset Value may be invested in warrants). A maximum of 20% of the Fund's NAV may be invested in units or shares of other collective investment schemes within the meaning of Regulation 68(1)(e) of the UCITS Regulations. Subject to the above limitations, the Fund may also invest in aggregate no more than 30% of its NAV in non-publicly traded securities, Rule 144A securities, zero coupon securities (excluding securities issued by the United States government and its agencies), and Money Market Instruments.

The Fund may purchase a debt security that at the time of purchase is rated below Investment Grade or if unrated deemed by the Investment Manager to be of comparable quality, so long as such purchase would not cause more than 40% of the Fund's NAV to be comprised of investments that are rated below Investment Grade or if unrated deemed by the Investment Manager to be of comparable credit quality. Thus a significant percentage of the Fund's NAV may be comprised of investments rated below Investment Grade or if unrated of comparable credit quality. Debt securities rated below Investment Grade are deemed by rating agencies to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal and may involve major risk of exposure to adverse conditions (as described in the Prospectus under the heading "*Market Risk - Western Asset UCITS SMASH Series Core Plus Completion Fund*").

The Fund may extensively invest (whether for investment purposes or the purposes of efficient portfolio management) in certain types of derivatives including options and options on swaps, futures and options on futures, swaps, including total return, credit default, inflation and currency swaps and forward currency exchange contracts, as described in the "Investment Techniques and Instruments and Financial Derivative Instruments" section of the Base Prospectus, including instruments to gain exposure to individual debt securities, currencies, interest rates and indices meeting the eligibility requirements of the Central Bank. To the extent that the Fund uses derivatives, and subject to the limit set out herein, it will do so to gain or hedge exposure to the investments contemplated in these investment policies, or to adjust the average weighted duration of the Fund's portfolio. The Fund may hold long positions on individual debt securities, indices (including credit default swap and equity indices), currencies and interest rates. Short positions may be held on individual debt securities, indices (including credit default swap, volatility and equity indices), currencies and interest rates that the Investment Manager believes are overvalued. The Fund will not directly short securities but instead will hold any short positions exclusively through derivatives of the types described above.

The Fund may hold long positions of up to 400% of the Fund's NAV and may hold short positions of up to 300% of the Fund's NAV. The market risk of the Fund will be measured using the VaR methodology. The absolute VaR of the Fund will not exceed 20% of the

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<sup>6</sup> Governments of Argentina, Australia, Belgium, Brazil, Canada, China, Colombia, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Hong Kong, Hungary, Indonesia, Israel, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Peru, Philippines, Poland, Russian Federation, Singapore, South Africa, Sweden, Switzerland, Thailand, Turkey, United Kingdom and United States.

Fund's NAV. Investors should note that VaR is a risk measurement tool that makes certain assumptions, which could prove wrong, and has inherent limitations. Funds using VaR may still have substantial losses. The Fund's leverage, as calculated using the sum of the notional of the derivatives held by the Fund, will be less than 700% of the Fund's NAV. The Fund has a high leverage limit. If the Fund uses a high amount of leverage, it may have greater losses than would have occurred absent the high leverage. Derivatives, in general, involve special risks and costs and may result in losses to the Fund. For a fuller description of the risks involved, please see the section entitled "Risk Factors" in the Base Prospectus. The Fund's maximum exposure to total return swaps and SFTs, based on the notional value of such instruments, is 100% of its NAV. It is expected that the Fund will have exposure to these instruments in the range of 0% to 50% of its NAV.

The allocation and reallocation of the Fund's assets will be undertaken by Western Asset on the basis of its analysis of economics and market conditions and the relative risks and opportunities of particular types of fixed income securities. Subject to the above limitations, at any given time, the Fund may be entirely or partially invested in a particular type of fixed income security. The "total return" sought by the Fund will consist of interest and dividends from underlying securities, capital appreciation reflected in unrealised increases in the value of portfolio securities (realised by its Shareholders only upon selling Shares) or realised from the purchase and sale of securities. The change in market value of fixed income securities (and therefore their capital appreciation) is largely a function of changes in the current level of interest rates.

The Fund may purchase unsecuritised participations in or assignments of floating rate mortgages, collateralised loan obligations or other commercial loans that are liquid and will provide for interest rate adjustments at least every 397 days and which may be secured by real estate or other assets. These participations may be interests in, or assignments of, the loan and may be acquired from banks or brokers that have made the loan or members of the lending syndicate. Such participations, combined with any other investments that are subject to Clause 2.1 in Schedule I of this Prospectus, will not exceed 10% of the NAV of the Fund in the aggregate.

Investors' attention is drawn to the section entitled "Further Information on the Securities in Which the Funds May Invest".

**Benchmark:** The Fund's benchmark index is the Bloomberg US Aggregate Index (the "Benchmark"). The Fund is actively managed, and the Investment Manager is not constrained by the Benchmark. The Investment Manager has discretion in selecting investments within the Fund's objective and investment policies. The Benchmark is used for performance comparison purposes and by the Investment Manager in measuring and managing investment risk. The Fund's investments will include components of the Benchmark, although the weightings of the Fund's holdings may differ materially from those of the Benchmark and will normally include instruments not included in the Benchmark. The Investment Manager may overweight such investments in the Benchmark and include other non-Benchmark instruments which it considers to offer more attractive risk/reward characteristics and may underweight or not invest at all in other Benchmark investments which the Investment Manager considers less attractive.

**Base Currency:** US Dollar

**Profile of a Typical Investor:** The Fund could be a suitable investment for investors who are looking to invest in a fund that is seeking total return over the long term through income and capital appreciation and who are willing to accept fluctuations (sometimes significant) in the NAV per Share of the Fund during the short term.

#### Share Classes, Fees and Charges:

Share Class	Initial Sales Charge	Annual Management Fee	Annual Shareholder Servicing Fee	Annual Combined Administration and Depositary Fee	Contingent Deferred Sales Charge
LM Class US\$ Distributing (Q)	None	None	None <sup>1</sup>	0.15% <sup>2</sup>	None
LM Class US\$ Distributing (Monthly)	None	None	None <sup>1</sup>	0.15% <sup>2</sup>	None

<sup>1</sup> Neither the Manager, the Investment Manager nor the Sub-Investment Managers charge fees to the Fund for their services. Shareholders should be aware, however, that the Fund is an integral part of separately managed account programs, and the Manager, Investment Manager, Sub-Investment Managers or their affiliates will be compensated directly or indirectly by separately managed account program sponsors or program participants for managed account advisory services.

<sup>2</sup> The Manager has agreed to reimburse 100% of the Fund's operating expenses (other than interest, brokerage, taxes and extraordinary expenses).

## **FURTHER INFORMATION ON THE SECURITIES IN WHICH THE FUNDS MAY INVEST**

The information below regarding the securities in which the Funds may invest is subject to the limitations set forth for the Funds in the above descriptions of each Fund's investment objective and policies.

### **ASSET-BACKED SECURITIES**

Asset-backed securities are securities that directly or indirectly represent a participation in, or are secured by and payable from, assets such as motor vehicle instalment loan contracts, home equity lines of credit, student loans, small business loans, unsecured personal loans, leases on various types of real and personal property, receivables from revolving credit (credit card) agreements, and other loans, leases or receivables relating to consumers and businesses. Such assets are securitised through the use of trusts or special purpose corporations. A pool of assets representing the obligations often of a number of different parties collateralises asset-backed securities. Certain asset-backed securities may embed derivatives, such as options.

### **CONVERTIBLE SECURITIES**

Convertible securities are bonds, debentures, notes, preferred stock or other securities, which may be converted into or exchanged for a prescribed amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest paid or accrued on debt or the dividend paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible securities ordinarily provide a stream of income, which generate higher yields than those of common stocks of the same or similar issuers but lower than the yield on non-convertible debt. Convertible securities are usually subordinate to non-convertible securities but rank senior to common stock or shares in a company's capital structure. The value of a convertible security is a function of (1) its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege and (2) its worth, at market value, if converted into the underlying common stock. Convertible securities are typically issued by smaller capitalised companies whose stock prices may be volatile. The price of a convertible security often reflects such variations in the price of the underlying common stock in a way that non-convertible debt does not. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. Certain convertible securities, known as contingent convertible securities, convert to equity only upon the occurrence of a specified event, such as the stock price of the company exceeding a particular level for a certain period of time.

### **CORPORATE DEBT SECURITIES**

Corporate debt securities are bonds, notes or debentures issued by corporations and other business organisations, including business trusts, in order to finance their credit needs. Corporate debt securities include commercial paper, which consists of freely transferable, short-term (usually from 1 to 270 days) unsecured promissory notes issued by corporations in order to finance their current operations.

Corporate debt securities may pay fixed or variable rates of interest, or interest at a rate contingent upon some other factor, such as the price of some commodity. These securities may be convertible into preferred or common equity, or may be bought as part of a unit containing common stock. In selecting corporate debt securities for a fund, each Investment Manager reviews and monitors the creditworthiness of each issuer and issue. Each Investment Manager also analyses interest rate trends and specific developments, which they believe may affect individual issuers. See Schedule III of this Prospectus for more information on the ratings of the various NRSROs.

### **DEBT SECURITIES**

Debt securities include, but are not limited to, fixed or floating rate debt securities, bonds issued or guaranteed by corporations or governments or governmental agencies or instrumentalities thereof, central banks or commercial banks, notes (including structured notes and freely transferable promissory notes), debentures, commercial paper, Brady Bonds, Eurobonds, and convertible securities. Fixed rate debt securities are securities, which carry a fixed rate of interest, which does not fluctuate with general market conditions. Floating rate debt securities are securities that carry a variable interest rate, which is initially tied to an external index such as US Treasury Bill rates.

### **DEPOSITARY RECEIPTS**

Depositary receipts include sponsored and unsponsored depositary receipts that are or become available, including American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs"), International Depositary Receipts ("IDRs") and other depositary receipts. Depositary receipts are typically issued by a financial institution ("depositary") and evidence ownership interests in a security or a pool of securities ("underlying securities") that have been deposited with the depositary. The depositary for ADRs is typically a US financial institution and the underlying securities are issued by a non-US issuer. ADRs are publicly traded on exchanges or over-the-counter in the United States and are issued through "sponsored" or "unsponsored" arrangements. In a sponsored ADR arrangement, the non-US issuer assumes the obligation to pay some or all of the depositary's transaction fees, whereas under an unsponsored arrangement, the non-US issuer assumes no obligation and the depositary's transaction fees are paid by the ADR holders. In addition, less information is available in the United States about an unsponsored ADR than about a sponsored ADR, and the financial information about a company



may not be as reliable for an unsponsored ADR as it is for a sponsored ADR. In the case of GDRs and IDRs, the depositary can be a non-US or a US financial institution and the underlying securities are issued by a non-US issuer. GDRs and IDRs allow companies in Europe, Asia, the United States and Latin America to offer shares in many markets around the world, thus allowing them to raise capital in these markets, as opposed to just in their home market. The advantage of GDRs and IDRs is that shares do not have to be bought through the issuing company's home exchange, which may be difficult and expensive, but can be bought on all major stock exchanges. In addition, the share price and all dividends are converted to the shareholder's home currency. As for other depositary receipts, the depositary may be a non-US or a US entity, and the underlying securities may have a non-US or a US issuer. For purposes of each Fund's investment policies, investments in depositary receipts will be deemed to be investments in the underlying securities. Thus, a depositary receipt representing ownership of common stock will be treated as common stock. Depositary receipts purchased by a Fund may not necessarily be denominated in the same currency as the underlying securities into which they may be converted, in which case the Fund may be exposed to relative currency fluctuations.

## DURATION

Duration was developed as a more precise alternative to the concept of "maturity". Traditionally, a debt obligation's maturity has been used as a proxy for the sensitivity of the security's price to changes in interest rates (which is the "interest rate risk" or "price volatility" of the security). However, maturity measures only the time until a debt obligation provides its final payment, taking no account of the pattern of the security's payments prior to maturity. In contrast, duration incorporates a bond's yield, coupon interest payments, final maturity, call and put features and prepayment exposure into one measure. Duration is the magnitude of the change in the price of a bond relative to a given change in market interest rates. Duration management is one of the fundamental tools used by certain Investment Managers.

Duration is a measure of the expected life of a debt obligation on a present value basis. Duration takes the length of the time intervals between the present time and the time that the interest and principal payments are scheduled or, in the case of a callable bond, the time the principal payments are expected to be received, and weights them by the present values of the cash to be received at each future point in time. For debt obligations with interest payments occurring prior to the payment of principal, duration will usually be less than maturity. In general, all else being equal, the lower the stated or coupon rate of the interest of a fixed income security, the longer the duration of the security; conversely, the higher the stated or coupon rate of a fixed income security, the shorter the duration of the security.

Holding long futures or call option positions will lengthen the duration of a Fund's portfolio. Holding short futures or put options will shorten the duration of a Fund's portfolio.

A swap agreement on an asset or group of assets may affect the duration of the portfolio depending on the attributes of the swap. For example, if the swap agreement provides a Fund with a floating rate of return in exchange for a fixed rate of return, the duration of the Fund would be modified to reflect the duration attributes of a similar security that the fund is permitted to buy.

There are some situations where even the standard duration calculation does not properly reflect the interest rate exposure of a security. For example, floating- and variable-rate securities often have final maturities of ten or more years; however, their interest rate exposure corresponds to the frequency of the coupon reset. Another example where the interest rate exposure is not properly captured by maturity is mortgage pass-through securities. The stated final maturity of such securities is generally 30 years, but current prepayment rates are more critical in determining the securities' interest rate exposure. Finally, the duration of the debt obligation may vary over time in response to changes in interest rates and other market factors.

## EMERGING MARKET DEBT SECURITIES

Debt securities of issuers located in Emerging Market Countries including promissory notes, bonds, bills, debentures, convertible securities warrants, bank obligations, short-term paper, loans, and promissory notes. Other bonds in which the Funds may invest may be divided into three distinct groups:

- *Bonds issued as a result of a Debt Restructuring Plan:* These US Dollar-denominated bonds generally have an original term to maturity in excess of 10 years and include, among others, Brazil New Money Bonds and Mexican Aztec Bonds. The issuers of the bonds are always public sector entities.
- *Eurobonds:* These bonds generally have an original maturity of less than 10 years and may be issued by public and private sector entities.
- *Domestic and International Bonds under the laws of an Emerging Market Country:* Although these instruments are US Dollar-denominated, they are governed by the laws of the country in which they are issued.

## EQUITY SECURITIES

Equity securities include common stocks and preferred shares.

## **EQUITY-RELATED SECURITIES**

Equity-related securities may include warrants for the acquisition of stock of the same or of a different issuer, corporate fixed income securities that have conversion or exchange rights permitting the holder to convert or exchange the securities at a stated price within a specified period of time to a specified number of shares of common stock, participation notes or certificates whose value is linked to the performance of an equity security of an issuer other than the issuer of the participation, participations that are based on revenues, sales or profits of an issuer (i.e., fixed income securities, the interest on which increases upon the occurrence of a certain event (such as an increase in the price of oil)) and common stock offered as a unit with corporate fixed income securities. Certain equity-related securities may embed derivatives, such as options.

## **EUROBONDS**

Eurobonds are fixed income securities issued by corporations and sovereign entities for sale in the Euromarket.

## **EURODOLLAR BONDS AND YANKEE DOLLAR INSTRUMENTS**

A Eurodollar bond is a Eurobond that is denominated in US Dollars. It is a US Dollar-denominated obligation issued outside the United States by non-US corporations or other entities. A Yankee dollar instrument is US Dollar-denominated obligation issued in the United States by non-US corporations or other entities.

## **HIGH YIELD SECURITIES**

High yield securities are medium or lower rated securities and unrated securities of comparable quality, sometimes referred to as “junk bonds”. Generally, medium or lower rated securities and unrated securities of comparable quality offer a higher current yield than is offered by higher rated securities but also (i) will likely have some quality and protective characteristics that, in the judgment of the rating organisations, are outweighed by large uncertainties or major risk exposures to adverse conditions and (ii) are predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal in accordance with the terms of the obligation. The market values of certain of these securities also tend to be more sensitive to individual corporate developments and changes in economic conditions than higher quality bonds. In addition, medium and lower rated securities and comparable unrated securities generally present a higher degree of credit risk. The risk of loss due to default by these issuers is significantly greater because medium and lower rated securities and unrated securities of comparable quality generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness. In light of these risks, an Investment Manager in evaluating the creditworthiness of an issue, whether rated or unrated, will take various factors into consideration, which may include, as applicable, the issuer’s financial resources, its sensitivity to economic conditions and trends, the operating history of and the community support for the facility financed by the issue, the ability of the issuer’s management and regulatory matters. In addition, the market value of securities in lower rated categories is more volatile than that of higher quality securities, and the markets in which medium and lower rated or unrated securities are traded are more limited than those in which higher rated securities are traded. The existence of limited markets may make it more difficult for a Fund to obtain accurate market quotations for purposes of valuing its portfolio and calculating its NAV. Moreover, the lack of a liquid trading market may restrict the availability of securities for a Fund to purchase and may also have the effect of limiting the ability of a Fund to sell securities at their fair value either to meet redemption requests or to respond to changes in the economy or the financial markets.

Lower rated debt obligations also present risks based on payment expectations. If an issuer calls the obligation for redemption, a Fund may have to replace the security with a lower yielding security, resulting in a decreased return for investors. Also, as the principal value of bonds moves inversely with movements in interest rates, in the event of rising interest rates the value of the securities held by a Fund may decline proportionately more than a portfolio consisting of higher rated securities. If a Fund experiences unexpected net redemption, it may be forced to sell its higher rated bonds, resulting in a decline in the overall credit quality of the securities held by the Fund and increasing the exposure of the Fund to the risks of lower rated securities.

## **INDEXED SECURITIES, CREDIT-LINKED NOTES AND STRUCTURED NOTES**

Indexed securities, credit-linked notes and structured notes are securities whose prices are indexed to the prices of securities, interest rates, indices, currencies, or other financial statistics, and which are typically issued by banks, investment firms or other financial institutions. Typically they are debt securities or deposits whose value at maturity and/or coupon rate is determined by reference to a specific instrument or statistic. The performance of such securities fluctuates (either directly or inversely, depending upon the instrument) with the performance of the index, security or currency. Sometimes the two are inversely related (i.e., as the index goes up, the coupon rate goes down). Inverse floaters are an example of a type of security featuring this inverse relationship, whereby the coupon rate goes down when the relevant benchmark index goes up. A Fund will only purchase such inverse floaters which are transferable securities and are rated Investment Grade at the time of purchase. Credit-linked notes and structured notes are over-the-counter debt instruments. The Funds will only invest in credit-linked notes or structured notes that are transferable securities dealt in or on a Regulated Market.

## **INFLATION-PROTECTED SECURITIES**

Inflation-protected securities are transferable securities that are structured to provide protection against inflation. The principal or interest components of inflation-protected securities are adjusted periodically according to the general movements of inflation in the country of issue. US Treasury Inflation Protected Securities (“US TIPS”) are freely transferable inflation-indexed debt securities issued by the US Department of Treasury that are structured to provide protection against inflation. The US Treasury Department currently uses the Consumer Price Index for Urban Consumers, non-seasonally adjusted, as its inflation measure. Inflation-indexed bonds issued by a non-US government are generally adjusted to reflect a comparable inflation index calculated by that government. “Real return” equals total return less the estimated cost of inflation, which is typically measured by the change in an official inflation measure.

## **LOAN PARTICIPATIONS**

Certain Funds may invest in fixed and floating rate loans arranged through private negotiations between a corporation or other type of entity and one or more financial institutions (“Lender”). Such investments are expected to be in the form of participations in, or assignments of, the loans, which may or may not be securitised (“Participations”). The Participations shall be liquid and, if unsecuritised, provide for interest rate adjustments at least every 397 days. They are subject to the risk of default by the underlying borrower(s) and in certain circumstances to the credit risk of the Lender if the Participation only provides for the Fund having a contractual relationship with the Lender, not the borrower(s). In connection with purchasing Participations, the Funds may have no right to enforce compliance by the borrower(s) with the terms of the loan agreement(s) relating to the loan(s) nor any rights of set-off against the borrower(s). Thus, the Funds may not directly benefit from any collateral supporting the loan(s) in which they have purchased Participations. The Funds will purchase such Participations only through recognised, regulated dealers.

## **MASTER-LIMITED PARTNERSHIPS**

MLPs are limited partnerships or limited liability companies that typically derive income and gains from the exploration, development, storage, gathering, mining, production, processing, refining, transportation (including pipelines transporting gas, oil or products thereof) or marketing of any mineral or natural resources. MLPs generally have two classes of owners, the general partner and the limited partners. The general partner typically controls the operations and management of the MLP through an equity interest of up to 2% in the MLP and, in many cases, ownership of common and subordinated units. Limited partners own the remainder of the partnership, through ownership of common units, and have a limited role in the partnership’s operations and management. Unlike owners of common stock of a corporation, owners of common units have limited voting rights and no ability to elect directors annually. The Funds that invest in MLPs will do so by purchasing units issued to limited partners of the MLP that are publicly traded on regulated markets. Any distributions received from the MLP will be reflected in the NAV of the relevant Fund.

## **MONEY MARKET INSTRUMENTS**

Each Fund may hold Money Market Instruments. For Funds other than Money Market Funds, these will be held as ancillary liquid assets.

## **MORTGAGE-BACKED SECURITIES**

Mortgage-backed securities provide capital for mortgage loans to residential homeowners, including securities that represent interests in pools of mortgage loans made by lenders such as savings and loan institutions, mortgage banks, commercial banks and others. Pools of mortgage loans are assembled for sale to investors (such as the funds) by various governmental, government-related and private organisations, such as dealers. The market value of mortgage-backed securities will fluctuate as a result of changes in interest rates and mortgage loans.

Interests in pools of mortgage loans generally provide a monthly payment that consists of both interest and principal payments. In effect, these payments are a “pass through” of the monthly payments made by the individual borrowers on their residential mortgage loans, net of any fees paid to the issuer or guarantor of such securities. Additional payments are caused by repayments of principal resulting from the sale of the underlying residential property, refinancing or foreclosure, net of fees or costs that may be incurred. Some mortgage-backed securities (such as securities issued by GNMA) are described as “modified pass through” because they entitle the holder to receive all interest and principal payments owed on the mortgage pool, net of certain fees, regardless of whether the mortgagor actually makes the payment. Certain mortgage-backed securities may embed derivatives, such as options.

Mortgage-backed securities include collateralised mortgage obligations (“CMOs”), which are a type of bond secured by an underlying pool of mortgages or mortgage pass-through certificates that are structured to direct payments on underlying collateral to different series or classes of the obligations. Such investments may include, but are not limited to, one or more of the following classes of CMOs:

**ADJUSTABLE RATE BONDS (ARMS):** Interest rates on these classes of CMOs may increase or decrease at one or more dates in the future according to the documentation governing their issuance.

**FLOATING RATE BONDS (FLOATERS):** Interest rates on these classes of CMOs vary directly or inversely (although not necessarily

proportionately, and may contain a degree of leverage) to an interest rate index. The interest rate is usually capped to limit the extent to which the issuer is required to over-collateralise the CMOs in the series with mortgage-related securities in order to ensure that there is sufficient cash flow to service all the classes of CMOs in that series.

**PLANNED AMORTISATION BONDS OR TARGETED AMORTISATION BONDS:** These classes of CMOs receive payments of principal according to a planned schedule to the extent that prepayments on the underlying mortgage-related securities occur within a broad time period (“Protection Period”). The principal is reduced only in specified amounts at specified times resulting in greater predictability of payment for the Planned Amortisation Bonds or Targeted Amortisation Bonds. If prepayments on the underlying mortgage-related securities occur at a rate greater or less than that provided for by the Protection Period, then the excess or deficiency of cash flows generated is absorbed by the other classes of CMOs in the particular series until the principal amount of each of the other classes has been paid in full, resulting in less predictability for those other classes. The principal reduction schedule of the Planned Amortisation Bonds or Targeted Amortisation Bonds may be determined according to an interest rate index. If the index rises or falls, then more or less, respectively, of the payments on the underlying mortgage-related securities will be applied to amortise the Planned Amortisation Bonds or Targeted Amortisation Bonds. Stripped securities are created by separating bonds into their principal and interest components and selling each piece separately (commonly referred to as IOs and POs). Stripped securities are more volatile than other fixed income securities in their response to change in market interest rates. The value of some stripped securities moves in the same direction as interest rates, further increasing their volatility. The following are examples of stripped securities.

**PRINCIPAL ONLY BONDS:** This class of stripped CMO has the right to all principal payments from the underlying mortgage-related securities. Principal Only Bonds sell at a deep discount. The return on a Principal Only Bond increases the faster prepayments are received at par. The return on a Principal Only Bond decreases if the rate of prepayment is slower than anticipated.

**INTEREST ONLY BONDS:** This class of CMOs has the right to receive only payments of interest from the pool of underlying mortgage-related securities. Interest Only Bonds have only a notional principal amount and are entitled to no payments of principal. Interest Only Bonds sell at a substantial premium and therefore the return on an Interest Only Bond increases as the rate of prepayment decreases because the notional amount upon which interest accrues remains larger for a longer period of time.

A real estate mortgage investment conduit (“REMIC”) is a special purpose entity that holds fixed pools of commercial or residential mortgages in trust and issues multiple classes of interests in itself and is treated like a partnership for US Federal income tax purposes with its income passed through to its interest holders. A Re-REMIC is an entity formed by the contribution of mortgage-backed securities into a new special purpose entity, which then issues securities in various tranches. A Fund may participate in the creation of a Re-REMIC by contributing assets to the entity and receiving securities in return.

In the case of structured mortgage-backed securities, the interest rate or, in some cases, the principal payable at the maturity of a structured mortgage-backed security may change positively or inversely in relation to one or more interest rates, financial indices or other financial indicators (“reference prices”). A structured mortgage-backed security may be leveraged to the extent that the magnitude of any change in the interest rate or principal payable on a structured security is a multiple of the change in the reference price. Thus, structured mortgage-backed securities may decline in value due to adverse market changes in reference prices. Structured mortgage-backed securities may or may not be guaranteed by government-sponsored entities. The structured mortgage-backed securities purchased by a Fund may include interest only (“IO”) and principal only (“PO”) bonds (as described above), floating rate securities linked to the Cost of Funds Index (“COFI floaters”), other “lagging rate” floating rate securities, floating rate securities that are subject to a maximum interest rate (“capped floaters”), leveraged floating rate securities (“super floaters”), leveraged inverse floating rate securities (“inverse floaters”), leveraged or super IOs and POs, inverse IOs, dual index floaters and range floaters. They may also include mortgage servicing rights securities, which entitle the holder to a portion of revenue derived by companies that service mortgages.

## **NON-PUBLICLY TRADED SECURITIES**

Non-publicly traded securities are transferable securities that are neither listed nor traded on a Regulated Market, including privately placed securities. A Fund can invest no more than 10% of its net assets in such securities. A Fund’s investments in such securities are subject to the risk that should the Fund desire to sell any of these securities when a ready buyer is not available at a price that the Fund deems representative of its value, the value of the Fund’s net assets could be adversely affected.

## **PAYMENT-IN-KIND BONDS**

Payment-in-kind bonds are bonds that pay interest in the form of additional bonds of the same type.

## **PREFERRED SHARES**

Preferred shares may pay dividends at a specific rate and generally have preference over common stock in the payment of dividends in a liquidation of assets but rank after debt securities. Unlike interest payments on debt securities, dividends on preferred shares are

generally payable at the discretion of the board of directors of the issuer. The market prices of preferred shares are subject to changes in interest rates and are more sensitive to changes in the issuer's creditworthiness than are the prices of debt securities.

## **REAL ESTATE INVESTMENT TRUSTS**

REITs are pooled investment vehicles that invest primarily in income producing real property or real property related loans or interests and are generally listed, traded or dealt in on Regulated Markets. REITs are generally classified as equity REITs, mortgage REITs or a combination of equity and mortgage REITs. Equity REITs invest their assets directly in real property and derive income primarily from the collection of rents. Equity REITs can also realise capital gains by selling properties that have appreciated in value. Mortgage REITs invest their assets in real property mortgages and derive income from the collection of interest payments.

## **RULE 144A SECURITIES**

Rule 144A securities are securities that are not registered under the 1933 Act, but that can be sold to certain institutional buyers in accordance with Rule 144A under the 1933 Act.

## **SENIOR SECURITIES**

Senior securities are those belonging to an issuance or class of debt securities that is expected by the relevant Investment Manager to rank at least senior unsecured corporate debt securities of the relevant issuer. The issue of seniority, however, may be contentious between holders of various securities in the event of claims against or the bankruptcy of an issuer, and there can be no guarantee that securities believed by the relevant Investment Manager to be senior at the time of investment will ultimately be upheld as senior. Moreover, unsecured senior securities, even if upheld as senior to other classes of debt securities, may be subordinate to general creditors and secured debt of an issuer pursuant to applicable law.

## **STEP-UP SECURITIES**

Step-up securities are securities, which pay no interest initially but eventually begin to pay a coupon rate prior to maturity, which may increase at stated intervals during the life of the security. Step-up securities allow an issuer to avoid or delay the need to generate cash to meet current interest payments and, as a result, may involve greater credit risk than bonds that pay interest currently or in cash.

## **STRIPS**

STRIPS is the acronym for Separate Trading of Registered Interest and Principal of Securities. STRIPS allow investors to hold and trade, as separate securities, the individual interest and principal components of fixed-principal notes or bonds or inflation-linked securities issued by the US Treasury. STRIPS are not issued by the US Treasury, however, but rather can be purchased through financial institutions. STRIPS are zero-coupon securities.

For example, a US Treasury note with 10 years remaining to maturity consists of a single principal payment, due at maturity, and 20 interest payments, one due every six months over a 10-year duration. When this note is converted to STRIPS form, each of the 20 interest payments and the principal payment becomes a separate security.

## **SUPRANATIONAL ORGANISATIONS**

Supranational organizations may issue debt securities such as freely transferable promissory notes, bonds and debentures. Supranational organisations are entities designated or supported by a government or governmental entity to promote economic development, and include, among others, the Asian Development Bank, the European Communities, the European Investment Bank, the Inter-American Development Bank, the International Monetary Fund, the United Nations, the World Bank and the European Bank for Reconstruction and Development. These organisations have no taxing authority and are dependent upon their members for payments of interest and principal. Moreover, the lending activities of such supranational entities are limited to a percentage of their total capital (including "callable capital" contributed by members at an entity's call), reserves and net income.

## **VARIABLE RATE AND FLOATING RATE SECURITIES**

Variable and floating rate securities are obligations that possess a floating or variable interest rate adjustment formula. The terms of the variable or floating rate securities that the Funds may purchase provide that interest rates are adjustable at intervals ranging from daily up to six months, and the adjustments are based upon current market levels, the prime rate of a bank or other appropriate interest rate adjustment index as provided in the respective securities. Some of these securities are payable on a daily basis or on not more than seven days' notice. Others such as securities with quarterly or semi-annual interest rate adjustments may be redeemed on designated days on not more than thirty days' notice.

## **WARRANTS AND RIGHTS**

Warrants give a Fund the right to subscribe to or purchase securities in which the Fund may invest. Rights are available to existing shareholders of a security, to enable them to maintain proportionate ownership in the security by being able to buy newly issued shares before they are offered to the public. Warrants and rights may be actively traded on secondary markets.



## **ZERO COUPON BONDS**

Zero coupon bonds pay no interest in cash to their holder during their life, although interest is accrued during that period. Its value to an investor consists of the difference between its face value at the time of maturity and the price for which it was acquired, which is generally an amount significantly less than its face value (sometimes referred to as a “deep discount” price). Because zero coupon bonds usually trade at a deep discount, they will be subject to greater fluctuations in market value in response to changing interest rates than debt obligations of comparable maturities which make periodic distributions of interest. On the other hand, because there are no periodic interest payments to be reinvested prior to maturity, zero coupon securities eliminate reinvestment risk and lock in a rate of return to maturity.

## **REGULATED MARKETS**

Except to the extent permitted by the UCITS Regulations, the securities in which the Funds will invest will be traded on a Regulated Market. The Regulated Markets in which the Funds may trade are listed in Schedule II hereto.

## **ADHERENCE TO INVESTMENT OBJECTIVES AND POLICIES**

Any change in investment objectives and any material change in investment policies will be subject to prior written approval of all Shareholders or approval by the majority of votes of Shareholders passed at a general meeting. In accordance with the Articles of Association, Shareholders will be given twenty-one days’ notice (excluding the day of posting and the day of the meeting) of such general meeting. The notice shall specify the place, day, hour, and nature of business of such meeting, as well as the proposed effective date of any changes to the investment objectives and policies. If a change in investment objectives and policies is approved by Shareholders, the change will become effective on the second Dealing Day following the approval of the change by Shareholders, or on such other date as indicated in the notice to Shareholders proposing the change.

## **INTEGRATION OF SUSTAINABILITY RISKS**

The Manager has implemented a policy in respect of the integration of sustainability risks in its investment decision making-process. The Manager and/or Investment Manager(s) integrate sustainability risks and opportunities into their research, analysis and investment decision-making processes. In circumstances where an Investment Manager is appointed in respect of a particular Fund, the Manager adopts the sustainable investment policy of the relevant Investment Manager in respect of that Fund, unless the supplement for a Fund states otherwise.

Sustainability risk means an environmental, social, or governance (“ESG”) 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, as further described in the section “Risk Factors” are important elements to consider in order to enhance long-term risk adjusted returns for investors and determine a specific Fund’s strategy risks and opportunities. The Investment Manager(s) integrates sustainability risk in its investment process in respect of each Fund, unless otherwise noted in the supplement for a specific Fund. Integration of sustainability risk may vary depending on the Fund’s strategy, assets and/or portfolio composition. The Manager and/or relevant Investment Managers make use of specific methodologies and databases into which 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 Manager 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 a Fund. Except where sustainability risk is not deemed relevant for a particular Fund, in which case further explanation can be found in the supplement of such Fund, 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.

For each ESG-focused Fund subject to Article 8 or Article 9 of the SFDR, the Manager is integrating into investment decisions consideration of the principal adverse impacts (“PAIs”) on ESG factors of each investment. Due to the size, nature and scale of the Funds not subject to Article 8 or Article 9 of the SFDR, the Manager is not integrating into investment decisions consideration of PAIs on ESG factors of each investment. 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 principal adverse impacts of investment decisions on sustainability factors” which is available on the website: <https://www.franklintempleton.lu/about-us/sustainable-investing>. The Manager will keep its position under review, on at least an annual basis.

## USE OF TEMPORARY DEFENSIVE MEASURES

With respect to each Fund, in certain circumstances, on a temporary and exceptional basis, when the relevant Investment Manager deems it to be in the best interests of Shareholders, the Fund may not adhere to its investment policies as disclosed in the relevant Fund Summary. Such circumstances include, but are not limited to, (1) when the Fund has high levels of cash as a result of subscriptions or earnings; (2) when the Fund has a high level of redemptions; (3) when the relevant Investment Manager takes temporary action to try to preserve the value of the Fund or limit losses in emergency market conditions or in the event of movements in interest rates; or (4) when all Shares of the Fund are due to be mandatorily redeemed and this has been notified to Shareholders of the Fund. In such circumstances, a Fund may hold cash or invest in Money Market Instruments, short-term debt securities issued or guaranteed by national governments located globally; short-term corporate debt securities such as freely transferable promissory notes, debentures, bonds (including zero coupon bonds), convertible and non-convertible notes, commercial paper, certificates of deposits, and bankers acceptances issued by industrial, utility, finance, commercial banking or bank holding company organizations. The Fund will only invest in debt securities that are rated at least investment grade by an NRSRO. During such circumstances, the Fund may not be pursuing its principal investment strategies and may not achieve its investment objective. The foregoing does not relieve the Funds of the obligation to comply with the regulations set forth in Schedule I.

## DISTRIBUTIONS

### Distributing Share Classes

The letter in parentheses at the end of the name of each Distributing Share Class indicates a particular frequency of dividend declarations and dividend payments, as detailed in the following table.

<b>Distributing Share Class Designation</b>	<b>Frequency of Dividend Declarations</b>	<b>Frequency of Dividend Payments</b>
(D)	Daily	Monthly
(M)	Monthly	Monthly
(Q)	Quarterly	Quarterly (March, June, September, December)
(S)	Semi-Annually	Semi-Annually (March, September)
(A)	Annually	Annually (March)

### Distributing Share Classes (other than Distributing Plus Share Classes):

For each Distributing Share Class of any Fixed Income Fund or Money Market Fund, at the time of each dividend declaration: (1) all, or some portion of, net investment income, if any, will be declared as a dividend; and (2) all, or some portion, of realised capital gains net of realised and unrealised capital losses may be, but is not required to be, declared as a dividend. In addition, Distributing Plus (e) Share Classes may charge certain fees and expenses to capital rather than income. This may result in the erosion of capital for investors and increased income will be achieved by foregoing some of the potential for future capital growth.

For each Distributing Share Class of any Equity Fund or Multi-Asset Fund, at the time of each dividend declaration, net investment income, if any, will be declared as a dividend.

### Distributing Plus Share Classes:

For each Distributing Plus Share Class of any Fund, at the time of each dividend declaration: (1) all, or some portion of, net investment income, if any, will be declared as a dividend; and (2) all, or some portion, of, realised and unrealised capital gains net of realised and unrealised capital losses may be, but is not required to be, declared as a dividend; and (3) a portion of capital may be, but is not required to be, declared as a dividend.

It should be noted that the declaration of distributions in the Distributing Plus Share Classes, which may distribute dividends out of capital, could result in the erosion of capital for investors in those Distributing Plus Share Classes and that the distributions will be achieved by forgoing the potential for future capital growth of the investment of the Shareholders of the Distributing Plus Share Classes. The value of future returns may also be diminished. This cycle may continue until all capital is depleted.

Shareholders of each Distributing Share Class may elect on the application whether or not to invest distributions in additional Shares. Distributions that are paid will be in the currency in which the Shareholder subscribed for Shares, unless the Shareholder requests otherwise. Payments will be made by wire transfer to a Shareholder’s account.

The Legg Mason Western Asset US Dollar Liquidity Fund does not offer Distributing Plus Share Classes or Distributing Plus (e) Share Classes.

#### Accumulating Share Classes

With respect to Accumulating Share Classes, it is intended that, in the normal course of business, distributions will not be declared and that any net investment income and net gains attributable to each Accumulating Share Class will be accumulated daily in the respective NAV per Share of each respective Share Class. If distributions are declared and paid with respect to Accumulating Share Classes, such distributions may be made from net investment income. Shareholders will be notified in advance of any change in distribution policy for the Accumulating Share Classes.

### **INVESTMENT RESTRICTIONS**

**Each Fund's investments will be limited to investments permitted by the UCITS Regulations as set out in Schedule I.** Each Fund is also subject to the relevant investment policies as stated in the Prospectus and, in the case of a conflict between such policies and the UCITS Regulations, the more restrictive limitation shall apply. In any event, the Company will comply with all the Central Bank Rules.

If the UCITS Regulations are altered during the life of the Company, the investment restrictions may be changed to take account of any such alterations and Shareholders will be advised of such changes in the next succeeding annual or half-yearly report of the Funds.

The investment policies of each Fund may permit investments in units or shares of other collective investment schemes within the meaning of Regulation 68(1)(e) of the UCITS Regulations. No Fund will invest in another collective investment scheme that charges a management fee of greater than 5% per annum or a performance fee of greater than 30% of the increase in net asset value of the scheme. Such permitted investment includes investing in other funds of the Company. Notwithstanding the foregoing, a Fund may not invest in another fund of the Company if the latter fund itself holds shares in other funds of the Company. If a Fund invests in another fund of the Company, no annual management or investment management fee may be charged to the investing Fund with respect to that portion of its assets invested in the other fund of the Company.

When a Fund invests in the units or shares of another collective investment scheme that is managed, directly or by delegation, by the Manager or the Fund's Investment Manager or by any other company with which the Manager or the Fund's Investment Manager is linked by common management or control, or by a direct or indirect holding of more than 10% of the share capital or voting rights, the Manager or Investment Manager or other company may not charge management, subscription, conversion or redemption fees on account of the Fund's investment in the units or shares of such other collective investment scheme.

### **INVESTMENT TECHNIQUES AND INSTRUMENTS AND FINANCIAL DERIVATIVE INSTRUMENTS**

Subject to the conditions and within the limits from time to time laid down by the Central Bank, and except where otherwise stated in the investment objective and policies of the relevant Fund, each Fund may engage in transactions in financial derivative instruments ("FDIs"). The Legg Mason Western Asset US Dollar Liquidity Fund may engage in transactions in FDIs for efficient portfolio management purposes only. The other Funds may engage in transactions in FDIs for efficient portfolio management purposes (i.e., hedging, reducing risks or costs, or increasing capital or income returns) and/or investment purposes. A list of the Regulated Markets on which the FDIs may be quoted or traded is set out in Schedule II.

The policy that will be applied to collateral arising from OTC derivative transactions or efficient portfolio management techniques relating to the Funds is to adhere to the requirements set out in the "Investment Techniques and Instruments and Financial Derivative Instruments" section herein. This sets out the permitted types of collateral, level of collateral required and haircut policy and, in the case of cash collateral, the re-investment policy prescribed by the Central Bank pursuant to the UCITS Regulations. The categories of collateral which may be received by the Funds include cash and non-cash assets such as equities, debt securities and money market instruments. From time to time and subject to the requirements set out in the "Investment Techniques and Instruments and Financial Derivative Instruments" section herein, the policy on levels of collateral required and haircuts may be adjusted, at the discretion of the Investment Manager, where this is determined to be appropriate in the context of the specific counterparty, the characteristics of the asset received as collateral, market conditions or other circumstances.

The haircuts applied (if any) by the Investment Manager are adapted for each class of assets received as collateral, taking into account the characteristics of the assets such as the credit standing and/or the price volatility, as well as the outcome of any stress tests performed in accordance with the requirements set out in the "Investment Techniques and Instruments and Financial Derivative Instruments" section herein. Each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets should be justified on the basis of this policy.

If cash collateral received by a Fund is re-invested, the Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and the Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the Fund. For further details see the "Risk Factors" section herein.



Direct and indirect operational costs and fees arising from the efficient portfolio management techniques of stock lending, Repurchase Agreements and Reverse Repurchase Agreements may be deducted from the revenue delivered to the Funds (e.g., as a result of revenue sharing arrangements). All the revenues arising from such efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the relevant Fund. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers, securities lending agents or other financial institutions or intermediaries and may be parties related to the Depositary. The revenues arising from such efficient portfolio management techniques for the relevant reporting period, together with the direct and indirect operational costs and fees incurred and the identity of the counterparty(ies) to these efficient portfolio management techniques, will be disclosed in the annual and half-yearly reports of the Funds.

## PERMITTED FDI

Each of the FTGF Brandywine Global – EM Macro Bond Fund, FTGF Martin Currie European Unconstrained Fund, FTGF Brandywine Global – US High Yield Fund, FTGF Multi-Asset Infrastructure Income Fund, Legg Mason Western Asset US Dollar Liquidity Fund and Western Asset UCITS SMASh Series Core Plus Completion Fund may invest in FDIs provided that:

- (i) the relevant reference items or indices consist of one or more of the following:
  - instruments referred to in Regulation 68(1)(a) – (f) and (h) of the UCITS Regulations, including financial instruments having one or several characteristics of those assets;
  - financial indices;
  - interest rates;
  - foreign exchange rates; or
  - currencies; and
- (ii) the FDIs do not expose the Fund to risks which it could not otherwise assume (e.g., gain exposure to an instrument/issuer/currency to which the Fund cannot have a direct exposure);
- (iii) the FDIs do not cause the Fund to diverge from its investment objectives;
- (iv) the reference in (i) above to financial indices shall be understood as a reference to indices which fulfil the following criteria and the provisions of the Central Bank Rules:
  - (a) they are sufficiently diversified, in that the following criteria are fulfilled:
    - (i) the index is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
    - (ii) where the index is composed of assets referred to in Regulation 68(1) of the UCITS Regulations, its composition is at least diversified in accordance with the Regulation 71 of the UCITS Regulations; and
    - (iii) where the index is composed of assets other than those referred to in Regulation 68(1) of the UCITS Regulations, it is diversified in a way which is equivalent to that provided for in Regulation 71 of the UCITS Regulations;
  - (b) they represent an adequate benchmark for the market to which they refer, in that the following criteria are fulfilled:
    - (i) the index measures the performance of a representative group of underlyings in a relevant and appropriate way;
    - (ii) the index is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers following criteria which are publicly available; and
    - (iii) the underlyings are sufficiently liquid, which allows users to replicate the index, if necessary; and
  - (c) they are published in an appropriate manner, in that the following criteria are fulfilled:

- (i) their publication process relies on sound procedures to collect prices and to calculate and to subsequently publish the index value, including pricing procedures for components where a market price is not available; and
  - (ii) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis; and
- (v) where a Fund enters into a total return swap or invests in other financial derivative instruments with similar characteristics, the assets held by the Fund must comply with Regulations 70, 71, 72, 73 and 74 of the UCITS Regulations.

Where the composition of assets which are used as underlyings by FDI does not fulfil the criteria set out in (a), (b) or (c) above, those FDI shall, where they comply with the criteria set out in Regulation 68(1)(g) of the UCITS Regulations, be regarded as financial derivatives on a combination of the assets referred to in Regulation 68(1)(g)(i) of the UCITS Regulations, excluding financial indices.

Credit derivatives are permitted where:

- (i) they allow the transfer of the credit risk of an asset as referred to above, independently from the other risks associated with that asset;
- (ii) they do not result in the delivery or in the transfer, including in the form of cash, of assets other than those referred to in the Regulation 68(1) and (2) of the UCITS Regulations;
- (iii) they comply with the criteria for OTC derivatives set out below; and
- (iv) their risks are adequately captured by the risk management process of the Fund, and by its internal control mechanisms in the case of risks of asymmetry of information between the Fund and the counterparty to the credit derivative resulting from potential access of the counterparty to non-public information on firms the assets of which are used as underlyings by credit derivatives. The Fund must undertake the risk assessment with the highest care when the counterparty to the FDIs is a related party of the Fund or the credit risk issuer.

FDIs must be dealt in on a market that is regulated, operates regularly, is recognised and is open to the public in a Member State or a non-Member State, but notwithstanding this, the Funds may invest in FDIs dealt in over-the-counter, “OTC derivatives” provided that:

- (i) the counterparty is: (a) a credit institution listed in Regulation 7(2)(a) to (c) of the Central Bank Regulations; (b) an investment firm authorised in accordance with the Markets in Financial Instruments Directive; or (c) a group company of an entity issued with a bank holding company licence from the Federal Reserve of the United States of America where that group company is subject to bank holding company consolidated supervision by the Federal Reserve;
- (ii) where a counterparty within sub-paragraphs (b) or (c) of paragraph (i): (a) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Company in the credit assessment process; and (b) where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in subparagraph (a) of this paragraph (ii) this shall result in a new credit assessment being conducted of the counterparty by the Company without delay;
- (iii) in the case of subsequent novation of the OTC derivative contract, the counterparty is one of: the entities set out in paragraph (i); or a CCP authorised, or recognised by ESMA, under EMIR; or, pending recognition by ESMA under Article 25 of EMIR, an entity classified as a derivatives clearing organisation by the Commodity Futures Trading Commission or a clearing agency by the SEC (both CCP);
- (iv) risk exposure to the counterparty does not exceed the limits set out in Regulation 70(1)(c) of the UCITS Regulations. The Fund shall calculate the counterparty exposure using the positive mark-to-market value of the OTC derivative with that counterparty. The Fund may net its derivative positions with the same counterparty, provided that the Fund is able to legally enforce netting arrangements with the counterparty. Netting is only permissible with respect to OTC derivative instruments with the same counterparty and not in relation to any other exposures the Fund may have to that counterparty. The Fund may take account of collateral received by the Fund in order to reduce the exposure to the counterparty, provided that the collateral meets with the requirements specified in paragraphs (3), (4), (5), (6), (7), (8), (9) and (10) of Regulation 24 of the Central Bank Regulations; and
- (v) 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.

Collateral received must at all times meet with the requirements set out in the Central Bank Rules.

Collateral passed to an OTC derivative counterparty by or on behalf of a Fund must be taken into account in calculating exposure of the Fund to counterparty risk as referred to in Regulation 70(1)(c) of the UCITS Regulations. Collateral passed may be taken into account on a net basis only if the Fund is able to legally enforce netting arrangements with this counterparty.

### **Calculation of issuer concentration risk and counterparty exposure risk**

Each of the Funds must calculate issuer concentration limits as referred to in Regulation 70 of the UCITS Regulations on the basis of the underlying exposure created through the use of FDI pursuant to the commitment approach. The risk exposures to a counterparty arising from OTC FDI transactions and efficient portfolio management techniques must be combined when calculating the OTC counterparty limit as referred to in Regulation 70(1)(c) of the UCITS Regulations. A Fund must calculate exposure arising from initial margin posted to and variation margin receivable from a broker relating to exchange-traded or OTC derivatives, which is not protected by client money rules or other similar arrangements to protect the Fund against the insolvency of the broker, and that exposure cannot exceed the OTC counterparty limit referred to in Regulation 70(1)(c) of the UCITS Regulations.

The calculation of issuer concentration limits as referred to in Regulation 70 of the UCITS Regulations must take account of any net exposure to a counterparty generated through a stocklending or Repurchase Agreement. Net exposure refers to the amount receivable by a Fund less any collateral provided by the Fund. Exposures created through the reinvestment of collateral must also be taken into account in the issuer concentration calculations. When calculating exposures for the purposes of Regulation 70 of the UCITS Regulations, a Fund must establish whether its exposure is to an OTC counterparty, a broker or a clearing house.

Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities, money market instruments or collective investment schemes, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in Regulations 70 and 73 of the UCITS Regulations. When calculating issuer-concentration risk, the financial derivative instrument (including embedded financial derivative instruments) must be looked through in determining the resultant position exposure. This position exposure must be taken into account in the issuer concentration calculations. Issuer concentration must be calculated using the commitment approach when appropriate or the maximum potential loss as a result of default by the issuer if more conservative. It must also be calculated by all Funds, regardless of whether they use VaR for global exposure purposes. This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in Regulation 71(1) of the UCITS Regulations.

A transferable security or money market instrument embedding an FDI shall be understood as a reference to financial instruments which fulfil the criteria for transferable securities or money market instruments set out in the UCITS Regulations and which contain a component which fulfils the following criteria:

- (a) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or money market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, and therefore vary in a way similar to a stand-alone derivative;
- (b) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
- (c) it has a significant impact on the risk profile and pricing of the transferable security or money market instrument.

A transferable security or a money market instrument shall not be regarded as embedding FDIs where it contains a component which is contractually transferable independently of the transferable security or the money market instrument. Such a component shall be deemed to be a separate financial instrument.

### **Risk Management and Cover Requirements**

Each of the FTGF Brandywine Global – US High Yield Fund, FTGF Martin Currie European Unconstrained Fund, FTGF Multi-Asset Infrastructure Income Fund and Legg Mason Western Asset US Dollar Liquidity Fund must ensure that its global exposure relating to FDIs does not exceed total NAV of the relevant Fund. The FTGF Brandywine Global – US High Yield Fund, FTGF Martin Currie European Unconstrained Fund, FTGF Multi-Asset Infrastructure Income Fund and Legg Mason Western Asset US Dollar Liquidity Fund employ the “commitment approach” to measure global exposure. Each of these Funds must ensure that its global exposure relating to FDI does not exceed its total NAV. Therefore, each of these Funds may not be leveraged, including any short positions, in excess of 100% of its NAV. To the extent permitted under the Central Bank Rules, these Funds may take account of netting and hedging arrangements when calculating global exposure. The commitment approach is detailed in the Fund’s risk management procedures for FDI, which are described below under “Risk Management Process and Reporting”.

The FTGF Brandywine Global – EM Macro Bond Fund and Western Asset UCITS SMASh Series Core Plus Completion Fund employ the Value-at-Risk (“VaR”) method in measuring global exposure and adheres to a limit of the absolute VaR of 20% of each Fund’s NAV. In applying the VaR method, the following quantitative standards are used:

- the “one-tailed” confidence level is 99 per cent;
- the holding period is 20 days; and
- the historical observation period is longer than one year.

The FTGF Brandywine Global – EM Macro Bond Fund and Western Asset UCITS SMASh Series Core Plus Completion Fund must employ back testing and stress testing and comply with other regulatory requirements regarding the use of VaR. The VaR method is detailed in each Fund’s risk management procedures for FDI, which are described below under “Risk Management Process and Reporting.”

#### Cover Requirements

Each Fund must, at any given time, be capable of meeting all its payment and delivery obligations incurred by transactions involving FDI. Monitoring of FDI transactions to ensure they are adequately covered must form part of the risk management process of the Fund.

A transaction in FDIs which gives rise, or may give rise, to a future commitment on behalf of a Fund must be covered as follows:

- (i) in the case of FDIs which automatically, or at the discretion of the Fund, are cash settled, the Fund must hold, at all times, liquid assets which are sufficient to cover the exposure;
- (ii) in the case of FDIs which require physical delivery of the underlying asset, the asset must be held at all times by the Fund. Alternatively the Fund may cover the exposure with sufficient liquid assets where:
  - the underlying asset consists of highly liquid fixed income securities; and/or
  - the Fund considers that the exposure can be adequately covered without the need to hold the underlying assets, the specific FDIs are addressed in the risk management process, which is described under “Risk Management Process and Reporting” below, and details are provided in the prospectus.

#### Risk Management Process and Reporting

- (i) The Funds must employ a risk management process to enable them to accurately measure, monitor and manage the risks attached to FDI positions.
- (ii) The Funds must provide the Central Bank with details of their risk management process in respect of their FDIs activity, including the following information:
  - permitted types of FDIs, including embedded derivatives in transferable securities and money market instruments;
  - details of the underlying risks;
  - relevant quantitative limits and how these will be monitored and enforced;
  - methods for estimating risks.

The Company or its delegate must submit reports to the Central Bank on an annual basis with respect to the FDI positions of the Funds. The report, which must contain information which reflects a true and fair view of the types of FDI used by the Funds, the underlying risks, the quantitative limits and the methods used to estimate those risks, must be submitted with the annual report of the Company. The Company must, at the request of the Central Bank, provide this report at any time.

The use of these strategies involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged, (3) the fact that skills needed to use these instruments are different from those needed to select the fund’s securities, (4) the possible absence of a liquid market for any particular instrument at any particular time, and (5) possible impediments

to effective portfolio management or the ability to meet redemption requests or other short-term obligations because of the percentage of the fund's assets segregated to cover its obligations.

The Company shall supply to a Shareholder upon request supplementary information in relation to the quantitative risk management limits applied by it, the risk management methods used by it and any recent developments in the risk and yield characteristics for the main categories of investment.

Any FDI not included in the risk management process will not be utilised until such time as a revised risk management process addressing the FDI has been provided to the Central Bank.

## **INVESTMENTS IN SECURITISATIONS**

A Fund shall not invest in a Securitisation Position unless, where required by the Securitisation Regulation, the Originator, Sponsor or Original Lender retains on an ongoing basis a material net economic interest of not less than 5% in accordance with the Securitisation Regulation. Where a Fund is exposed to a Securitisation that no longer meets the requirements provided for in the Securitisation Regulation, the Manager or relevant Investment Manager shall, in the best interest of the investors in the relevant Fund, act and take corrective action, if appropriate

## **TYPES AND DESCRIPTION OF FDIs**

Below are examples of the types of FDIs in which the Funds may invest from time to time.

**Options:** Subject to the requirements laid down by the Central Bank, certain Funds (as indicated in the relevant Fund Summaries) may purchase or sell exchange-traded option contracts (including plain vanilla bond options, plain vanilla equity options, plain vanilla interest rate options, plain vanilla currency options and plain vanilla index options). "Plain vanilla" means the option is a put or call option with standard features allowing it to be traded on exchange, as opposed to options that have exotic, non-standard, features and which are typically traded over-the-counter due to their bespoke nature. The following disclosure in this section explains how various plain vanilla options work, and also how optional delivery standby commitments and straddles work. The fact that an option is "plain vanilla" does not necessarily mean it is lower risk than a more exotic derivative.

A call option on a security (whether a bond or equity), which may be considered a "plain vanilla" bond or equity option, is a contract under which the purchaser, in return for a premium paid, has the right to buy the securities underlying the option at the specified exercise price either at expiry (European option) or at any time during the term of the option (American option). The writer (seller) of the call option, who receives the premium, has the obligation, upon exercise of the option, to deliver the underlying securities against payment of the exercise price. A put option is a contract that gives the purchaser, in return for a premium paid, the right to sell the underlying securities at the specified exercise price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy the underlying securities, upon exercise, at the exercise price. Put options may be written provided that the relevant Fund complies with the cover requirements described above under "Risk Management and Cover Requirements".

Certain Funds (as indicated in the relevant Fund Summaries) may also purchase or sell options traded over-the-counter (or OTC options). Unlike exchange-traded options, which are standardised, or "plain vanilla" as described above, with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of OTC options generally are established through negotiation with the other party to the option contract. While this type of arrangement allows a Fund great flexibility to tailor the option to its needs, OTC options generally involve greater risk than exchange-traded options, which are guaranteed by clearing organisations of the exchanges where they are traded.

The purchase of call options can serve as a long hedge, and the purchase of put options can serve as a short hedge. Writing put or call options can enable a Fund to enhance yield by reason of the premiums paid by the purchasers of such options. Writing call options can serve as a limited short hedge, because declines in the value of the hedged investment would be offset to the extent of the premium received for writing the option. However, the Fund may also suffer a loss as a result of writing options. For example, if the market price of the security underlying a put option declines to less than the exercise price of the option, minus the premium received, the Fund would suffer a loss.

A Fund may effectively terminate its right or obligation under an option by entering into a closing transaction. For example, the Fund may terminate its obligation under a call or put option that it had written by purchasing an identical call or put option – this is known as a closing purchase transaction. Conversely, the Fund may terminate a position in a put or call option it had purchased by writing an identical put or call option – this is known as a closing sale transaction. Closing transactions permit the Fund to realise profits or limit losses on an option position prior to its exercise or expiration. There can be no assurance that it will be possible for a Fund to enter into any closing transaction.

A type of put is an “optional delivery standby commitment,” which is entered into by parties selling debt securities to the Fund. An optional delivery standby commitment gives the Fund the right to sell the security back to the seller on specified terms. This right is provided as an inducement to purchase the security.

Certain Funds (as indicated in the relevant Fund Summary) may purchase and write covered straddles on securities, currencies or bond indices. A long straddle is a combination of a call and a put option purchased on the same security, index or currency where the exercise price of the put is less than or equal to the exercise price of the call. The Fund would enter into a long straddle when its Investment Manager believes that it is likely that interest rates or currency exchange rates will be more volatile during the term of the options than the option pricing implies. A short straddle is a combination of a call and a put written on the same security, index or currency where the exercise price of the put is less than or equal to the exercise price of the call. In a covered short straddle, the same issue of security or currency is considered cover for both the put and the call that the Fund has written. The Fund would enter into a short straddle when the Investment Manager believes that it is unlikely that interest rates or currency exchange rates will be volatile during the term of the option as the option pricing implies. In such cases, the Fund will segregate cash and/or appropriate liquid securities equivalent in value to the amount, if any, by which the put is “in the money”, that is, the amount by which the exercise price of the put exceeds the current market value of the underlying security.

Puts and calls on indices, which may be considered “plain vanilla” index options due to their standardised nature, are similar to puts and calls on securities (described above) or futures contracts (described below), except that all settlements are in cash and gain or loss depends on changes to the index in question rather than on price movements in individual securities or futures contracts. When a Fund writes a call on an index, it receives a premium and agrees that, prior to the expiration date, the purchase of the call, upon exercise of the call, will receive from the Fund an amount of cash if the closing level of the index upon which the call is based is greater than the exercise price of the call. The amount of cash is equal to the difference between the closing price of the index and the exercise price of the call times a specified multiple (“multiplier”), which determines the total cash value for each point of such difference. When a Fund buys a put on an index, it pays a premium and has the right, prior to the expiration date, to require the seller of the put, upon the Fund’s exercise of the put, to deliver to the Fund an amount of cash if the closing level of the index upon which the put is based is less than the exercise price of the put, which amount of cash is determined by the multiplier, as described above for calls. When the Fund writes a put on an index, it receives a premium and the purchaser of the put has the right, prior to the expiration date, to require the Fund to deliver to it an amount of cash equal to the difference between the closing level of the index and exercise price times the multiplier if the closing level is less than the exercise price.

A call option on an interest rate, which may be considered a plain vanilla interest rate option, gives the holder the right, but not the obligation, to benefit from rising interest rates. A put option on an interest rates gives the holder the right, but not the obligation, to benefit from falling interest rates. Interest rate options are cash settled.

Puts and calls on currencies may be transacted either on exchanges or the OTC market. A put option on a currency gives the purchaser of the option the right to sell a currency at the exercise price until the option expires. A call option on a currency gives the purchaser of the option the right to purchase the currency at the exercise price until the option expires.

***Futures and Options on Futures:*** Subject to the requirements laid down by the Central Bank, certain Funds (as indicated in the relevant Fund Summaries) may enter into certain types of futures contracts or options on futures contracts. The sale of a futures contract creates an obligation by the seller to deliver the type of financial instrument called for in the contract in a specified delivery month for a stated price. The purchase of a futures contract creates an obligation by the purchaser to pay for and take delivery of the type of financial instrument called for in the contract in a specified delivery month, at a stated price. The purchase or sale of a futures contract differs from the purchase or sale of a security or option in that no price or premium is paid or received. Instead, an amount of cash, US Government Securities or other liquid assets generally not exceeding 5% of the face amount of the futures contract must be deposited with the broker. This amount is known as initial margin. Subsequent payments to and from the broker, known as variation margin, are made on a daily basis as the price of the underlying futures contract fluctuates making the long and short positions in the futures contract more or less valuable, a process known as “marking to market.” In most cases futures contracts are closed out before the settlement date without the making or taking of delivery. Closing out a futures contract sale is effected by purchasing a futures contract for the same aggregate amount of the specific type of financial instrument or commodity and the same delivery date. If the price of the initial sale of the futures contract exceeds the price of the offsetting purchase, the seller is paid the difference and realises a gain. Conversely, if the price of the offsetting purchase exceeds the price of the initial sale, the seller realises a loss. Similarly, the closing out of a futures contract purchase is effected by the purchaser entering into a futures contract sale. If the offsetting sale price exceeds the purchase price, the purchaser realises a gain, and if the purchase price exceeds the offsetting sale price, a loss will be realised.

Futures strategies can be used to change the duration of a Fund’s portfolio. If the relevant Investment Manager wishes to shorten the duration of the Fund’s portfolio, the Fund may sell an interest rate, index or debt futures contract or a call option thereon, or purchase a put option on that futures contract. If the Investment Manager wishes to lengthen the duration of the Fund’s portfolio, the Fund may buy a debt futures contract or call option thereon, or sell a put option thereon.

An interest rate, currency, or index futures contract provides for the future sale or purchase of a specified quantity of a financial instrument, currency or the cash value of an index at a specified price and time. A futures contract on an index is an agreement pursuant to which a party agrees to pay or receive an amount of cash equal to the difference between the value of the index at the close of the last trading day of the contract and the price at which the index contract was originally written. In variance futures contracts, the counterparties' obligation is based upon the volatility of a reference index. These futures are similar to volatility or variance swaps, as discussed below under "Swaps".

Futures contracts may also be used for other purposes, such as to simulate full investment in underlying securities while retaining a cash balance for efficient portfolio management purposes, as a substitute for direct investment in a security, to facilitate trading, to reduce transaction costs, or to seek higher investment returns when a futures contract or option is priced more attractively than the underlying security or index.

**Swaps:** Subject to the requirements laid down by the Central Bank, certain Funds (as indicated in the relevant Fund Summaries) may enter into transactions in swaps (including credit default swaps, interest rate swaps (including non-deliverable), inflation swaps, total return swaps, swaptions, currency swaps (including non-deliverable) or contracts for differences and spread locks); they may also enter into options on swaps. An interest rate swap involves the exchange by the Fund with another party of their respective commitments to pay or receive cash flows (e.g., an exchange of floating rate payments for fixed-rate payments). The purchase of a cap entitles the purchaser, to the extent that a specified index exceeds a predetermined value, to receive payments on a notional principal amount from the party selling the cap. The purchase of a floor entitles the purchaser, to the extent that a specified index falls below a predetermined value, to receive payments on a notional principal amount from the party selling the floor. A collar combines elements of buying a cap and selling a floor. A collar is created by purchasing a cap or floor and selling the other. The premium due for the cap (or floor as appropriate) is partially offset by the premium received for the floor (or cap as appropriate), making the collar an effective way to hedge risk at low cost. Spread locks are contracts that guarantee the ability to enter into an interest rate swap at a predetermined rate above some benchmark rate. A non-deliverable swap is one in which the payments to be exchanged are in different currencies, one of which is a thinly traded or non-convertible currency, and the other is a freely convertible, major currency. At each payment date, the payment due in the non-convertible currency is exchanged into the major currency at a daily reference rate, and net settlement is made in the major currency. A swaption is a contract that gives a counterparty the right (but not the obligation) in return for payment of a premium, to enter into a new swap agreement or to shorten, extend, cancel or otherwise modify an existing swap agreement, at some designated future time on specified terms.

Certain Funds (as indicated in the relevant Fund Summaries) may enter into credit default swap agreements, provided that (i) the credit default swap agreement must be subject to daily valuation by the fund and independently verified at least weekly, and (ii) the risks attached to the credit default swap must be independently assessed on a half-yearly basis and the report must be submitted to the Directors for review. The Fund may be either the buyer or seller in a credit default swap transaction. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If the Fund is a buyer and no event of default occurs, the Fund will lose its investment and recover nothing. On the other hand, if the Fund is a buyer and an event of default does occur, the Fund (the buyer) will receive the full notional value of the reference obligation that may have little or no value. Conversely, if the Fund is a seller and an event of default occurs, the Fund (the seller) must pay the buyer the full notional value, or "par value", of the reference obligation in exchange for the reference obligation. As a seller, the Fund receives a fixed rate of income throughout the term of the contract, which typically is between three months and ten years, provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation.

Total return swaps are derivative agreements under which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses of a reference obligation to another counterparty for investment and efficient portfolio management purposes. Through the swap the Fund may take a long or short position in the underlying asset(s), which may constitute a single security or a basket of securities. Exposure through the swap closely replicates the economics of physical shorting (in the case of short positions) or physical ownership (in the case of long positions), but in the latter case without the voting or beneficial ownership rights of direct physical ownership. If a Fund invests in total return swaps or other FDI with the same characteristics, the underlying asset or index may be comprised of equity or debt securities, money market instruments or other eligible investments which are consistent with the investment objective and policies of the Fund. The counterparties to such transactions are typically banks, investment firms, broker-dealers, collective investment schemes or other financial institutions or intermediaries. The risk of the counterparty defaulting on its obligations under the total return swap and its effect on investor returns are described in the section entitled "Risk Factors". The counterparties to total return swaps entered into by a Fund will not assume any discretion over the composition or management of the Fund's investment portfolio or over the underlying of the FDIs, and the counterparty's approval is not required in relation to any portfolio transactions by the Fund.

A contract for difference ("CFD") is an agreement between a buyer and a seller to exchange the difference between the current price of an underlying asset (a security, currency, index, etc.) and its price when the contract is closed. If the difference is negative when the contract is closed, the buyer pays to the seller.



Swap agreements, including caps, floors and collars, can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the overall volatility of a Fund's investments and its share price and yield because, and to the extent, these agreements affect the Fund's exposure to long- or short-term interest rates, foreign currency values, mortgage-backed securities values, corporate borrowing rates or other factors such as security prices or inflation rates. Swap agreements will tend to shift a Fund's investment exposure from one type of investment to another. For example, if a Fund agrees to exchange payments in US Dollars for payments in the currency of another country, the swap agreement would tend to decrease the Fund's exposure to US interest rates and increase its exposure to the other country's currency and interest rates. Caps and floors have an effect similar to buying or writing options.

**Forward Currency Exchange Contracts:** Certain Funds (as indicated in the relevant Fund Summaries) may employ techniques and instruments that are intended to provide protection against exchange risks in the context of the management of its assets and liabilities (i.e., currency hedging) by gaining an exposure to one or more foreign currencies or otherwise altering the currency exposure characteristics of securities held by the Fund (i.e., active currency positions). Certain Funds (as indicated in the relevant Fund Summaries) may also employ such techniques and instruments for the purpose of attempting to enhance the Fund's return.

A forward currency exchange contract, which involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract, reduces the Fund's exposure to changes in the value of the currency it will deliver and increases its exposure to changes in the value of the currency it will receive for the duration of the contract. The effect on the value of the Fund is similar to selling securities denominated in one currency and purchasing securities denominated in another currency. A contract to sell currency would limit any potential gain, which might be realised if the value of the hedged currency increases. A non-deliverable forward currency exchange contract (a "non-deliverable forward") is a cash-settled contract on a thinly traded or non-convertible currency. The latter currency is specified against a freely convertible, major currency, and the contract is for a fixed amount of the non-convertible currency, on a specified due date, and at an agreed forward rate. At maturity, the daily reference rate is compared with the agreed forward rate, and the difference must be paid in the convertible currency on the value date.

Certain Funds (as indicated in the relevant Fund Summaries) may enter into forward currency exchange contracts, both deliverable and non-deliverable, to hedge against exchange risk, to increase exposure to a currency, to shift exposure to currency fluctuations from one currency to another. Certain Funds (as indicated in the relevant Fund Summaries) may also use such contracts to enhance return. The Funds may also enter into options on forward currency exchange contracts, both deliverable and non-deliverable, which in exchange for a premium gives the Fund the option, but not the obligation, to enter into such a contract at some time before a specified date.

Suitable hedging transactions may not be available in all circumstances and there can be no assurance that the Funds will engage in such transactions at any given time or from time to time. Also, such transactions may not be successful and may eliminate any chance for a Fund to benefit from favourable fluctuations in relevant foreign currencies. A Fund may use one currency (or a basket of currencies) to hedge against adverse changes in the value of another currency (or a basket of currencies) when exchange rates between the two currencies are positively correlated.

**Asset-Backed Securities, Convertible Securities, Mortgage-Backed Securities, Structured Notes, Warrants and Rights:** Please see the section entitled "Further Information on the Securities in Which the Funds May Invest" for further information in relation to these securities.

**Low Exercise Price Warrants ("LEPWs"):** LEPWs are equity call products with an exercise price that is very low relative to the market price of the underlying instrument at the time of issue. The buyer of an LEPW effectively pays the full value of the underlying instrument at the outset. LEPWs are designed to replicate the economic exposure of buying a security directly in certain emerging markets. They are typically used where local market access via a local securities account is not available or desirable.

## **TBA ROLL TRANSACTIONS**

A Fund may enter into TBA roll transactions with respect to mortgage-backed securities issued by GNMA, FNMA and FHLMC. In a TBA roll transaction, a Fund sells a mortgage security to a financial institution, such as a bank or broker-dealer, and simultaneously agrees to purchase a similar security from the institution at a later date at an agreed upon price. While having similar traits, such as coupon rate, the securities purchased are determined by the counterparty in the transaction and will not necessarily be the same securities sold. During the period between the sale and repurchase, the relevant Fund will not be entitled to receive interest and principal payments on the securities sold. Proceeds of the sale will be invested in short-term instruments, and the income from these instruments, together with any additional fee income received on the sale, will generate return for the relevant Fund exceeding the yield on the securities sold. TBA roll transactions include the risk that the quality of the securities received (purchased) are worse than those sold. A Fund may not enter into TBA roll transactions with respect to securities which it does not own.

A Fund may enter into a TBA roll transaction only in accordance with normal market practice and provided that consideration obtained under the transaction is in the form of cash. A Fund may only enter into a TBA roll transaction with counterparties, which are rated A-



2 or P-2 or better by S&P or Moody's or given an equivalent rating by any other NRSRO. Until settlement of a TBA roll transaction, the repurchase price for the underlying security must at all times be in the custody of the Depositary.

## **WHEN-ISSUED, DELAYED DELIVERY AND FORWARD COMMITMENT SECURITIES**

Each Fund may purchase securities on a "when-issued" basis and may purchase or sell securities on a "forward commitment" basis. The price, which is generally expressed in yield terms, is fixed at the time the commitment is made, but delivery and payment for the securities take place at a later date. When-issued securities and forward commitments may be sold prior to the settlement date, but a Fund will usually enter into when-issued and forward commitments, only with the intention of actually receiving or delivering the securities or to avoid currency risk, as the case may be. No income accrues on securities, which have been purchased pursuant to a forward commitment or on a when-issued basis prior to delivery of the securities. Due to fluctuations in the value of securities purchased or sold on a when-issued or delayed-delivery basis, the yields obtained on such securities may be higher or lower than the yields available in the market on the dates when the securities are actually delivered to the buyers. If a Fund disposes of the right to acquire a when-issued security prior to its acquisition or disposes of its right to deliver or receive against a forward commitment, the Fund may incur a gain or loss. There is a risk that the securities may not be delivered and that the Fund may incur a loss.

## **REPURCHASE AGREEMENTS, REVERSE REPURCHASE AGREEMENTS AND STOCKLENDING AGREEMENTS**

A portion of each Fund's assets may be held in ancillary liquid assets. For efficient portfolio management purposes, each Fund may enter into Repurchase Agreements, Reverse Repurchase Agreements and stocklending agreements for efficient portfolio management purposes subject to the conditions and limits set out in the Central Bank Rules. A Fund may lend securities to a counterparty approved by the Investment Manager.

Techniques and instruments which relate to transferable securities or money market instruments and which are used for the purpose of efficient portfolio management shall be understood as a reference to techniques and instruments which fulfil the following criteria:

- (i) they are economically appropriate in that they are realised in a cost-effective way;
- (ii) they are entered into for one or more of the following specific aims:
  - (a) reduction of risk;
  - (b) reduction of cost;
  - (c) generation of additional capital or income for the Fund with a level of risk which is consistent with the risk profile of the Fund and the risk diversification rules set out in Regulation 71 of the UCITS Regulations;
- (iii) their risks are adequately captured by the risk management process of the Fund; and
- (iv) they cannot result in a change to the Funds' declared investment objective or add substantial supplementary risks in comparison to the general risk policy as described in its sales documents.

Repurchase Agreements and Reverse Repurchase Agreements (collectively, "repos") and stocklending agreements may only be effected in accordance with normal market practice.

All assets received by a Fund (other than the Legg Mason Western Asset US Dollar Liquidity Fund) in the context of efficient portfolio management techniques should be considered as collateral and should comply with the criteria set down below. Specific rules apply to the Legg Mason Western Asset US Dollar Liquidity Fund and are set out in Schedule X of this Prospectus).

Collateral must, at all times, meet with the following criteria:

- (i) **Liquidity:** collateral received other than cash should be 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. Collateral received should also comply with the provisions of Regulation 74 of the UCITS Regulations.
- (ii) **Valuation:** collateral that is received 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.
- (iii) **Issuer credit quality:** collateral received should be of high quality. The Fund shall ensure that:
  - (a) where the issuer was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Company in the credit assessment process; and
  - (b) where an issuer is downgraded below the two highest short-term credit ratings by the credit rating agency referred to in

sub-paragraph (a) this shall result in a new credit assessment being conducted of the issuer by the Fund without delay;

(iv) **Correlation:** collateral received should be issued by an entity that is independent from the counterparty. There should be a reasonable ground for the Fund to expect that the collateral would not display a high correlation with the performance of the counterparty.

(v) **Diversification (asset concentration):**

(a) Subject to sub-paragraph (b) below, collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Fund's NAV. When Funds are exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.

(b) It is intended that a Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. The 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 NAV. The Member States, local authorities, third countries, or public international bodies or issuing or guaranteeing securities which the Fund is able to accept as collateral for more than 20% of its NAV shall be drawn from the following list:

OECD Governments (provided the relevant issues are investment grade), Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, IMF, Euratom, The Asian Development Bank, ECB, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, EU, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority and Straight-A Funding LLC; and

(vi) **Immediately available:** collateral received should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.

Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.

Collateral received on a title transfer basis should be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated and unconnected to the provider of the collateral.

Non-cash collateral cannot be sold, pledged or re-invested.

Cash collateral may not be invested other than in the following:

- (i) deposits with a credit institution referred to in Regulation 7 of the Central Bank Regulations;
- (ii) high-quality government bonds;
- (iii) Repurchase Agreements provided the transactions are with a credit institution referred to in Regulation 7 of the Central Bank Regulations and the Fund is able to recall at any time the full amount of cash on an accrued basis;
- (iv) short-term money market funds as defined in Article 2(14) of the MMF Regulation or as defined in Regulation 89 of the Central Bank Regulations where such investment was made prior to 21 January 2019.

Invested cash collateral should be diversified in accordance with the diversification requirement applicable to non-cash collateral. Invested cash collateral may not be placed on deposit with the counterparty or with any entity that is related or connected to the counterparty.

A Fund receiving collateral for at least 30% of its assets should have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:

- a) design of stress test scenario analysis including calibration, certification and sensitivity analysis;
- b) empirical approach to impact assessment, including back-testing of liquidity risk estimates;
- c) reporting frequency and limit/loss tolerance threshold/s; and
- d) mitigation actions to reduce loss including haircut policy and gap risk protection.

The haircut policies to be applied by the Investment Manager are adapted for each class of assets received as collateral. The haircut policies will take into account the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of the stress tests performed in accordance with requirements of the Central Bank. The haircut policies are documented and each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets should be justified on the basis of the relevant policy.

Where a counterparty to a repo or a securities lending agreement which has been entered into by a Fund: (a) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Company in the credit assessment process; and (b) where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in sub-paragraph (a) this shall result in a new credit assessment being conducted of the counterparty by the Fund without delay.

A Fund should ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.

A Fund that enters into a Reverse Repurchase Agreement should ensure that it is able at any time to recall the full amount of cash or to terminate the Reverse Repurchase Agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the Reverse Repurchase Agreement should be used for the calculation of the NAV of the Fund.

A Fund that enters into a Repurchase Agreement should ensure that it is able at any time to recall any securities subject to the Repurchase Agreement or to terminate the Repurchase Agreement into which it has entered.

Repos and stocklending agreements do not constitute borrowing or lending for the purposes of Regulation 103 and Regulation 111 respectively of the UCITS Regulations.

## **CURRENCY TRANSACTIONS**

Certain Funds (as indicated in the relevant Fund Summaries) may employ techniques and instruments that are intended to provide protection against currency exchange risks in the context of the management of assets and liabilities (i.e., currency hedging) by gaining an exposure to one or more foreign currencies or otherwise altering the currency exposure characteristics of the Fund's portfolio. Certain Funds (as indicated in the relevant Fund Summaries) may also employ such techniques and instruments for the purpose of attempting to enhance the Fund's return. Each Fund may do so by using spot and forward foreign exchange contracts and currency futures, options and swap contracts. More information concerning these types of permitted FDIs and the limits thereon is set forth above in the section entitled "Types and Description of FDIs" and "Investment Techniques and Instruments and Financial Derivative Instruments".

For each Fund, with respect to Share Classes that are denominated in a currency other than the relevant Fund's Base Currency and do not include "(Hedged)" in their name, the relevant Investment Manager will not employ any techniques to hedge these Share Classes' exposure to changes in exchange rates between the Base Currency and the currency of the Share Class. As such, the NAV per Share and investment performance of such Shares Classes may be affected, positively or negatively, by changes in the value of the Base Currency relative to the value of the currency in which the relevant Share Class is denominated. Similarly, the performance of a Share Class may be strongly influenced by movements in currency rates because currency positions held by a Fund may not correspond with the securities positions held by the Fund. Currency conversion will take place on subscriptions, redemptions, conversions and distributions at prevailing exchange rates.

For each Fund, it is intended, subject to the UCITS Regulations and interpretations issued by the Central Bank from time to time and except for the Portfolio Hedged Share Classes, to hedge each Hedged Share Class against movements in exchange rates between the currency of the Hedged Share Class, on the one hand, and the Base Currency, on the other hand. Such hedging administration may be carried out by the relevant Investment Manager or Currency Administrator and will include the use of forward currency exchange transactions.

Over-hedged and under-hedged positions, while not intended, may arise due to factors outside the control of the relevant Investment Manager or Currency Administrator. Over-hedged positions shall not exceed 105% of the NAV of a particular Hedged Share Class, while under-hedged positions shall not fall short of 95% of the portion of the NAV of the Hedged Share Class which is to be hedged. Hedged positions will be monitored to ensure that hedged positions do not materially exceed or fall below the permitted level. This review will also incorporate procedures to ensure that under-hedged positions and positions materially in excess of 100% will not be

carried forward month-to-month. Otherwise, a Fund will not be leveraged as a result of the transactions entered into for the purposes of hedging.

While the Investment Manager or Currency Administrator will attempt to hedge the risk of changes in value between the currency of the relevant Hedged Share Class, on the one hand, and the Base Currency and/or the currencies that are significant to the Fund's investment strategy depending on the strategy followed by the Investment Manager with respect to the relevant Fund, on the other hand, there can be no guarantee that it will be successful in doing so. To the extent that the hedging is successful, the performance of the Hedged Share Class (either in absolute terms or relative to its hedged index) is likely to move in line with the performance of the underlying assets. Hedging transactions will be clearly attributable to a specific Share Class. All costs and gains or losses of such hedged transactions shall be borne exclusively by the relevant Hedged Share Class in manner whereby such costs and gains or losses shall not impact the NAV of the Share Classes other than the relevant Hedged Share Class. In the case of Hedged Share Classes other than the Portfolio Hedged Share Classes, the use of Share Class hedging strategies may substantially limit Shareholders in the relevant Hedged Share Class from benefiting if the currency of the Hedged Share Class falls against the Base Currency. To the extent that hedging is successful, the performance of the Hedged Share Class (either in absolute terms or relative to its hedged index) is likely to move in line with the performance of the underlying assets.

The Legg Mason Western Asset US Dollar Liquidity Fund and Western Asset UCITS SMASh Series Core Plus Completion Fund only offer Share Classes in their Base Currency.

Portfolio Hedged Share Classes are offered in respect of each Fund managed by Brandywine. For each such Portfolio Hedged Share Class, Brandywine, or its delegate intend to hedge any currency exposure between the currency of the Share Class and the currencies of the investments of the Fund(s).

## **SECURITIES FINANCING TRANSACTIONS REGULATION**

Where indicated in the investment policies of a Fund, each Fund may enter into total return swaps (including contracts for differences) ("TRS") for investment and efficient portfolio management purposes, and may enter into other SFTs for efficient portfolio management purposes only. In this context, efficient portfolio management purposes include: hedging, the reduction of risk, the reduction of cost and the generation of additional capital or income for a Fund with a level of risk that is consistent with the risk profile of the relevant Fund.

If a Fund invests in TRS or SFTs, the relevant asset or index may be comprised of equity or debt securities, money market instruments or other eligible investments which are consistent with the investment objective and policies of the relevant Fund. For all the Funds which are allowed to invest in TRS or SFTs under their investment policies and intend to do so, the maximum proportion and expected proportion of their NAV that may be invested in these instruments is disclosed in the relevant Fund Summary.

A Fund shall only enter into TRS and SFTs with counterparties that satisfy the criteria (including those relating to legal status, country of origin and minimum credit rating) as set out in the "Investment Techniques and Instruments and Financial Derivative Instruments" section and adopted by the Investment Manager.

The categories of collateral which may be received by a Fund is set out in the "Investment Techniques and Instruments and Financial Derivative Instruments" section and includes cash and non-cash assets such as equities, debt securities and money market instruments. Collateral received by a Fund will be valued in accordance with the valuation methodology set out in the section entitled "Determination of Net Asset Value". Collateral received by a Fund will be marked-to-market daily and daily variation margins will be used. Collateral received may have different maturity dates, and the maturity dates may be fixed or variable. Certain types of collateral (e.g. cash or equities) have no maturity date.

Where a Fund receives collateral as a result of entering into TRS or SFTs, there is a risk that the collateral held by a Fund may decline in value or become illiquid. In addition, there can also be no assurance that the liquidation of any collateral provided to a Fund to secure a counterparty's obligations under a TRS or SFT would satisfy the counterparty's obligations in the event of a default by the counterparty. Where a Fund provides collateral as a result of entering into TRS or SFTs, it is exposed to the risk that the counterparty will be unable or unwilling to honour its obligations to return the collateral provided.

For a summary of certain other risks applicable to TRS and SFTs, see the sections entitled "Risks of Using Swaps", "Repurchase and Reverse Repurchase Agreements" and "Securities Lending Agreements" in the "Risk Factors" section.

A Fund may provide certain of its assets as collateral to counterparties in connection with TRS and SFTs. If a Fund has over-collateralised (i.e., provided excess collateral to the counterparty) in respect of such transactions, it may be an unsecured creditor in respect of such excess collateral in the event of the counterparty's insolvency. If the Depositary or its sub-custodian or a third party holds collateral on behalf of a Fund, the relevant Fund may be an unsecured creditor in the event of the insolvency of such entity.

There are legal risks involved in entering into TRS or SFTs which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

Subject to the restrictions laid down by the Central Bank as set out in the “Investment Techniques and Instruments and Financial Derivative Instruments” section, a Fund may re-invest cash collateral that it receives. If cash collateral received by a Fund is re-invested, a Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and a Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the relevant Fund.

Direct and indirect operational costs and fees arising from TRS or SFTs may be deducted from the revenue delivered to the relevant Fund (e.g., as a result of revenue sharing arrangements). All the revenues arising from such efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the relevant Fund. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers, securities lending agents or other financial institutions or intermediaries and may be related parties to the Investment Manager or the Depositary.

## EUROPEAN BENCHMARKS REGULATION

In respect of those Funds using benchmarks within the meaning of the Benchmarks Regulations, the Company can confirm that the benchmark administrator for each benchmark used by a Fund is included in the register maintained by ESMA under the Benchmarks Regulation. Generally, a benchmark is only deemed to be used by a fund within the meaning of the Benchmarks Regulation if it measures the performance of the fund with the purpose of tracking the return of the Benchmark (which none of the Funds do), or for purposes of defining the asset allocation of the fund.

A plan has been adopted by the Manager to address the contingency of a benchmark, which is being used within the meaning of the Benchmarks Regulation, changing materially or ceasing to be provided in accordance with the Benchmarks Regulation. Under this plan, each Investment Manager of a Fund using a benchmark is responsible for monitoring any material change to or cessation of the benchmark and for providing an alternative benchmark in advance of any contingency. Any new benchmark proposed by an Investment Manager is reviewed by the Manager to assess the benchmark’s suitability for the Fund. The proposed new benchmark, if suitable, will be presented to the Manager for approval. The Company will notify Shareholders of the Fund of any change to the benchmark that has an impact on a Fund’s investment policy and submit it for Shareholders’ approval if this change is material. The Prospectus will be updated accordingly.

## RISK FACTORS

Investors’ attention is drawn to the following risk factors. This does not purport to be an exhaustive list of the risk factors relating to investment in the Funds and investors’ attention is drawn to the description of the instruments set out in the section entitled “Further Information on the Securities in Which the Funds May Invest”.

**INVESTMENT RISK:** There can be no assurance that a Fund will achieve its investment objective. The value of Shares may rise or fall, as the capital value of the securities in which the Fund invests may fluctuate. The investment income of the Fund is based on the income earned on the securities it holds, less expenses incurred. Therefore, the Fund’s investment income may be expected to fluctuate in response to changes in such expenses or income. **In view of the fact that a commission of up to 5% of the subscription monies may be payable on subscriptions for Class A Shares and of up to 2.5% of the subscription monies may be payable on subscriptions for Class E Shares and that a contingent deferred sales charge may be payable on redemptions of Class B Shares and Class C Shares and that a dilution adjustment may be applied to all Shares Classes of all Funds (other than Money Market Funds), the difference at any one time between the subscription and redemption price of Shares means that an investment in such Shares should be viewed as a medium- to long-term investment. Specific liquidity management procedures apply to Money Market Funds, as set out in the Fund Summary for each Money Market Fund.**

## RISKS OF DEBT SECURITIES:

**Interest Rate Risk:** The value of debt securities is likely to decline in times of rising interest rates. Conversely, when rates fall, the value of these investments is likely to rise. The longer the time to maturity the greater are such variations.

**Liquidity Risk:** Debt securities may become less liquid or illiquid after purchase, particularly during periods of market turmoil. When a Fund holds illiquid investments, the Fund’s portfolio may become harder to value, and if the Fund is forced to sell these investments to meet redemption requests or for other cash needs, the Fund may suffer a loss.

**Credit Risk:** Each Fund’s investments in debt securities are subject to credit risk (*i.e.*, the risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of a security will suffer because investors believe the issuer is less able to pay).

This is broadly gauged by the credit ratings of the securities in which the Fund invests. However, ratings are only the opinions of the agencies issuing them and are not absolute guarantees as to quality.

**Risk of Government Securities:** Government-issued securities are sensitive to changes in macro policy and associated interest rate trends, political and economic instability, social unrest and potentially default. Not all government debt securities are backed by the full faith and credit of the relevant government. Some are backed only by the credit of the issuing agency, instrumentality or sponsored entity, although they may be implicitly guaranteed by the relevant government. There is a chance of default on all government securities, particularly those not backed by the full faith and credit of the relevant government.

**Risk of High Yield Securities:** To the extent a Fund invests in medium- or low-rated securities and unrated securities of comparable quality, the Fund may realise a higher current yield than the yield offered by higher-rated securities, but investment in such securities involves greater volatility of price and risk of loss of income and principal, including the probability of default by or bankruptcy of the issuers of such securities. Low-rated and comparable unrated securities (collectively referred to as “low-rated” securities) likely have quality and protective characteristics that, in the judgment of a rating organisation, are outweighed by large uncertainties or major risk exposures to adverse conditions, and are predominantly speculative with respect to an issuer’s capacity to pay interest and repay principal in accordance with the terms of the obligation. Although the prices of low-rated securities are generally less sensitive to interest rate changes than are higher-rated securities, the prices of low-rated securities may be more sensitive to adverse economic changes and developments regarding the individual issuer.

When economic conditions appear to be deteriorating, medium or low-rated securities may decline in value due to heightened concern over credit quality, regardless of the prevailing interest rates. Investors should carefully consider the relative risks of investing in high yield securities and understand that such securities are not generally meant for short-term investing.

Adverse economic developments can disrupt the market for low-rated securities, and severely affect the ability of issuers, especially highly leveraged issuers, to service their debt obligations or to repay their obligations upon maturity, which may lead to a higher incidence of default on such securities. Low-rated securities are especially affected by adverse changes in the industries in which the issuers are engaged and by changes in the financial condition of the issuers.

Highly leveraged issuers may also experience financial stress during periods of rising interest rates. In addition, the secondary market for low-rated securities, which is concentrated in relatively few market makers, may not be as liquid as the secondary market for more highly rated securities. As a result, the Fund could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Therefore, prices realised upon the sale of such low-rated securities, under these circumstances, may be less than the prices used in calculating the Fund’s NAV.

Low-rated securities also present risks based on payment expectations. If an issuer calls an obligation for redemption, the relevant Fund may have to replace the security with a lower yielding security, resulting in a decreased return for investors. If a Fund experiences unexpected net redemptions, it may be forced to sell its higher-rated securities, resulting in a decline in the overall credit quality of the Fund’s investment portfolio and increasing the exposure of the Fund to the risks of low-rated securities.

Changes in economic conditions or developments regarding individual issuers of medium or low-rated securities are more likely to cause price volatility and weaken the capacity of such securities to make principal and interest payments than is the case for higher grade debt securities. Investment in such lower rated debt securities may limit a Fund’s ability to sell such securities at fair value. Judgment plays a greater role in pricing such securities than in the case of securities having more active markets. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the values and liquidity of lower rated debt securities, especially in a thinly traded market.

**Risk of Rated and Unrated Securities:** The ratings of NRSROs represent the opinions of those agencies. Such ratings are relative and subjective, and are not absolute standards of quality. Unrated debt securities are not necessarily of lower quality than rated securities, but they may not be attractive to as many buyers. The NRSROs may change, without prior notice, their ratings on particular debt securities held by a Fund, and downgrades in ratings are likely to adversely affect the price of the relevant debt securities.

Investment Grade securities may be subject to the risk of being downgraded to below Investment Grade. As discussed above, such low-rated securities would generally be considered to have a higher credit risk and a greater possibility of default than more highly rated securities. If the issuer defaults, or such securities cannot be realised, or perform badly, the Fund and its shareholders may suffer substantial losses. In addition, the market for securities which are rated below Investment Grade and/or have a lower credit rating generally is of lower liquidity and less active than that for higher rated securities and a Fund’s ability to liquidate its holdings in response to changes in the economy or the financial markets may be further limited by factors such as adverse publicity and investor perception.



**Risk of Unsecured European Bank Debt Instruments:** Certain Funds may invest in capital or senior unsecured debt issued by EU domiciled financial institutions (banks) that are being affected by the Banking Recovery & Resolution Directive (Directive 2015/59/EU, “BRRD”). The BRRD is designed to remove implicit government support and protections for credits and investors in banks capital and debt instruments and other unsecured bank financial instruments and provide resolution tools and powers when these financial institutions are failing. Unsecured debt instruments of these financial institutions are subject to the BRRD resolution regime and in the event of resolution:

1. the outstanding amount may be reduced to zero or the security may be converted into ordinary shares or other instruments of ownership for the purpose of stabilisation and loss absorption;
2. a transfer of assets to a bridge bank or in a sale of business may limit the capacity of the financial institution to meet repayment obligations;
3. the maturity of instruments or the interest rate under these instruments can be altered and the payments may be suspended for a certain period.

In addition:

- the liquidity of the secondary market in any unsecured debt instruments may be sensitive to changes in financial markets;
- existing liquidity arrangements (for example, Repurchase Agreements by the issuing financial institution) might not protect the relevant Funds from having to sell these instruments at substantial discount below their principal amount, in case of financial distress of the issuing financial institutions;
- liability holders have a right to compensation if the treatment they receive in resolution is less favourable than the treatment they would have received under normal insolvency proceedings. This assessment must be based on an independent valuation of the financial institution. Compensation payments, if any, may be considerably later than contractual payment dates (in the same way that there may be a delay in recovering value in the event of an insolvency).

**RISKS OF EMERGING MARKETS:** Each Fund may invest in securities of companies domiciled in or conducting their principal business activities in emerging markets. Investing in emerging markets poses certain risks, some of which are set out below.

**Economic & Political Factors:** Investments in securities of issuers located in Emerging Market Countries involve special considerations and risks, including the risks associated with high rates of inflation and interest with respect to the various economies, the limited liquidity and relatively small market capitalisation of the securities markets in Emerging Market Countries, relatively higher price volatility, large amounts of external debt and political, economic and social uncertainties, including the possible imposition of exchange controls or other foreign governmental laws or restrictions which may affect investment opportunities. In addition, with respect to certain Emerging Market Countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments that could affect investments in those countries. Moreover, individual emerging market economies may differ favorably or unfavorably from the economies of developed nations in such respects as growth of gross national product, rates of inflation, capital investment, resources, self-sufficiency and the balance of payments position. Certain emerging market investments may also be subject to foreign withholding taxes. These and other factors may affect the value of the Fund’s Shares.

The economies of some Emerging Market Countries have experienced considerable difficulties in the past. Although in certain cases there have been significant improvements in recent years, many such economies continue to experience significant problems, including high inflation and interest rates. Inflation and rapid fluctuations in interest rates have had and may continue to have very negative effects on the economies and securities markets of certain Emerging Market Countries. The development of certain emerging market economies and securities markets will require continued economic and fiscal discipline, which has been lacking at times in the past, as well as stable political and social conditions. Recovery may also be influenced by international economic conditions, particularly those in the US and by world prices for oil and other commodities. There is no assurance that economic initiatives will be successful. Certain of the risks associated with international investments and investing in smaller capital markets are heightened for investments in Emerging Market Countries. For example, some of the currencies of Emerging Market Countries have experienced steady devaluations relative to the US Dollar, and major adjustments have been made in certain of such currencies periodically. In addition, governments of certain Emerging Market Countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In certain cases, the government owns or controls many companies, including the largest in the country. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the value of securities in the Fund’s portfolio.

**Market Liquidity & Volatility:** The securities markets in Emerging Market Countries are substantially smaller, less liquid and more volatile than the major securities markets in the United States and Europe. A limited number of issuers in most, if not all, securities markets in Emerging Market Countries may represent a disproportionately large percentage of market capitalisation and trading volume. Such markets may, in certain cases, be characterised by relatively few market makers, participants in the market being mostly institutional investors including insurance companies, banks, other financial institutions and investment companies. The combination of price volatility and the less liquid nature of securities markets in Emerging Market Countries may, in certain cases, affect the Fund’s

ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of the Fund.

**Information Standards:** In addition to their smaller size, lesser liquidity and greater volatility, securities markets in Emerging Market Countries are less developed than the securities markets in the US and Europe with respect to disclosure, reporting and regulatory standards. There is less publicly available information about the issuers of securities in these markets than is regularly published by issuers in the United States and in Europe. Further, corporate laws regarding fiduciary responsibility and protection of stockholders may be considerably less developed than those in the United States and Europe. Emerging market issuers may not be subject to the same accounting, auditing and financial reporting standards as US and European companies. Inflation accounting rules in some Emerging Market Countries require, for companies that keep accounting records in the local currency for both tax and accounting purposes, that certain assets and liabilities be restated on the company's balance sheet in order to reflect the high rates of inflation to which those companies are subject. Inflation accounting may indirectly generate losses or profits for certain companies in Emerging Market Countries. Thus, statements and reported earnings may differ from those of companies in other countries, including the United States.

**Custodial Risks:** As the Company may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Company which are traded in such markets and which have been entrusted to sub-custodians may be exposed to risk in circumstances whereby the Depositary would have no liability. The Depositary has a sub-custodial network in certain Emerging Market Countries. The Company has agreed that it will not invest in securities issued or corporations located in Emerging Market Countries until the Depositary is satisfied that it has sub-custodial arrangements in place in respect of such countries. However, there is no guarantee that any arrangements made, or agreements entered into, between the Depositary and any sub-custodian will be upheld by a court of any Emerging Market Country or that any judgment obtained by the Depositary or the Company against any such sub-custodian in a court of any competent jurisdiction will be enforced by a court of any Emerging Market Country.

**SAUDI ARABIA RISKS:** The ability of foreign investors (such as the Funds) to invest in Saudi Arabian issuers is relatively new and untested. Such ability could be restricted or revoked by the Saudi Arabian government at any time, and unforeseen risks could materialize due to foreign ownership in such securities. The economy of Saudi Arabia is dominated by oil exports. A sustained decrease in oil prices could negatively impact the entire Saudi economy. Investments in securities of Saudi Arabian issuers involves risks not typically associated with investments in securities of issuers in more developed countries that may negatively affect the value of the Fund's investments. Such risks include the expropriation and/or nationalisation of assets, restrictions on and government intervention in international trade, confiscatory taxation, political instability, including authoritarian and/ or military involvement in governmental decision making, armed conflict, and instability as a result of religious, ethnic and/or socioeconomic unrest. Saudi Arabia has a less developed securities market and therefore may be more likely to experience problems with the clearing and settling of trades, as well as the holding of securities by local banks, agents and depositories.

**EQUITY RISKS:** 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 will attempt to reduce these risks by utilising various techniques described herein, adverse developments or perceived adverse developments in one or more of these areas could cause a substantial decline in the value of equity securities owned by the Fund.

**CHINA MARKET RISKS:** Certain Funds may invest in securities or instruments which have exposure to the Chinese market. The Funds may invest directly in China B-Shares or in eligible China A-Shares or eligible Chinese bonds via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect or Bond Connect as discussed below.

Investing in Chinese securities markets is subject to emerging market risks and China-specific risks, including the risk of significant change in Chinese political, social or economic policy, which may adversely affect the capital growth and performance of such investments. The Chinese legal and regulatory framework for capital markets and joint stock companies is less developed than in Developed Countries.

In addition, special risks associated with investing in Chinese securities include (a) a lower level of liquidity in China A- and B-Share markets, which are relatively smaller in terms of both combined market value and the number of A- and B-Shares available for investment as compared with other markets, which may lead to severe price volatility, (b) differences between China's accounting standards applicable to Chinese issuers and international accounting standards, (c) China's taxes, including withholding and other taxes imposed by Chinese authorities which may change from time to time (and in some cases, may have retrospective effects), and the availability of tax incentives, which may impact the financial results of Chinese issuers and the Funds' investments in such issuers, and (d) controls imposed by the Chinese authorities on foreign exchange and movements in exchange rates may impact on the operations and financial results of Chinese companies invested in by the Funds.

The Shanghai-Hong Kong Stock Connect is a securities trading and clearing linked program developed by the Stock Exchange of Hong Kong ("SEHK"), Shanghai Stock Exchange ("SSE"), China Securities Depository and Clearing Corporation Limited ("ChinaClear")



and Hong Kong Securities Clearing Company Limited (“HKSCC”). The Shenzhen-HK Stock Connect is a securities trading and clearing links program developed by SEHK, Shenzhen Stock Exchange (“SZSE”), ChinaClear and HKSCC. Shanghai-Hong Kong Stock Connect and Shenzhen-HK Stock Connect (the “Stock Connects”) aim to achieve mutual stock market access between Mainland China and Hong Kong.

The Shanghai-Hong Kong Stock Connect comprises a Northbound Trading Link and a Southbound Trading Link. Under the Northbound Trading Link, Hong Kong and overseas investors (including the relevant Funds), through their Hong Kong brokers and a securities trading service company set up by SEHK, can trade eligible China A-Shares listed on the SSE (“SSE securities”) by routing orders to SSE. Under the Southbound Trading Link, investors in Mainland China can trade certain SEHK-listed stocks. The two links are subject to separate daily trading quotas, limiting the maximum net buy value of cross-boundary trades on the Shanghai-Hong Kong Stock Connect each day.

The Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shenzhen Trading Link, Hong Kong and overseas investors (including the relevant Funds), through their Hong Kong brokers and a securities trading service company established by SEHK, can trade eligible China A-Shares listed on the SZSE (“SZSE securities”) by routing orders to SZSE. Under the Southbound Hong Kong Trading Link under Shenzhen-Hong Kong Stock Connect, investors in Mainland China can trade certain SEHK-listed stocks. The two trading links are subject to separate daily trading quotas, which limit the maximum net buy value of cross-boundary trades under the Shenzhen-Hong Kong Stock Connect each day.

HKSCC and ChinaClear will be responsible for the clearing, settlement and the provision of nominee and other related services of the trades executed by their respective market participants and investors. The SSE securities and SZSE securities traded through the Stock Connects are issued in scripless form.

Although HKSCC does not claim proprietary interests in the SSE securities and SZSE securities held in its omnibus stock account, ChinaClear as the share registrar for SSE and SZSE listed companies will still treat HKSCC as a shareholder when it handles corporate actions in respect of such securities. Failure or delay by HKSCC in the performance of its duties may result in failed settlement, or the loss, of such securities and/or monies in connection with them.

Under the Stock Connects, the relevant Funds will be subject to the fees and levies imposed by SSE, SZSE, ChinaClear, HKSCC or the relevant Mainland Chinese authority when they trade and settle SSE securities and SZSE securities.

The following additional risks apply to investing via Stock Connects:

- *Quota Limitations.* The Stock Connects are subject to quota limitations, as detailed above. In particular, the Stock Connects are subject to a daily quota which does not relate to the relevant Funds and can only be utilised on a first-come-first-served basis. Once the remaining balance of the Northbound daily quota drops to zero or is exceeded, new buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the relevant Fund’s ability to invest in SSE securities and SZSE securities through the Stock Connects on a timely basis.
- *Taxation Risk.* The Ministry of Finance (“MOF”), State Administration of Taxation (“SAT”) and China Securities Regulatory Commission (“CSRC”) jointly issued Circular Caishui [2014] No.81 (“Circular 81”) and Circular Caishui [2016] No.127 (“Circular 127”) on 14 November 2014 and 1 December 2016 respectively that gains derived by Hong Kong market investors (including the Funds) from China A-Shares traded through the Stock Connects would be temporarily exempted from PRC corporate income tax (“CIT”) with effect from 17 November 2014 and 5 December 2016 respectively. The duration of the exemption has not been stated and is subject to termination without notice and, in the worst case, retrospectively. If the temporary exemption is withdrawn the relevant Funds would be subject to PRC CIT (generally on a withholding basis at the rate of 10%) on gains on the trading of China A-Shares through the Stock Connects, unless reduced or exempted under the relevant tax treaty. Foreign investors (including the Funds) investing in China A-Shares will be subject to a withholding income tax of 10% on all dividends or distributions received from China A-Shares companies. The PRC entity distributing the dividend is required to withhold such tax. There is no assurance that the tax policy in relation to withholding tax will not change in the future. The MOF and SAT jointly released Caishui [2016] No. 36 (“Circular 36”) on 24 March 2016, which provides gains realised by foreign investors (including the Funds) from the trading of China A Shares through the Shanghai-Hong Kong Stock Connect would be exempted from Value-added Tax (“VAT”). Gains realised by foreign investors (including the Funds) from the trading of China A-shares through the Shenzhen-Hong Kong Stock Connect is also exempted from VAT pursuant to Circular 127. There is no assurance that the tax policy in relation to VAT will not change in the future. The PRC tax authorities may implement other tax rules with retrospective effect which may adversely affect the relevant Funds. The above does not constitute tax advice and investors should consult their independent tax advisors regarding the possible tax implications with regard to their investments in the relevant Funds.
- *Legal / Beneficial Ownership.* The SSE securities and SZSE securities acquired by the relevant Funds via Stock Connects will

be recorded in a nominee account opened by HKSCC with ChinaClear. The precise nature and rights of the relevant Funds as the beneficial owner through HKSCC as nominee is not well defined under PRC law. The exact nature and methods of enforcement of the rights and interests of the relevant Funds under PRC law are also not clear. Investors should note that HKSCC as nominee holder does not guarantee the title to the SSE securities and SZSE securities acquired via Stock Connects held through it and shall have no obligation to take any legal action to enforce any rights on behalf of the relevant Funds in the PRC or elsewhere. The relevant Funds may suffer losses in the event of insolvency of HKSCC.

- *Participation in corporate actions and shareholders' meetings.* HKSCC will keep participants of Central Clearing and Settlement System established and operated by HKSCC ("CCASS") informed of corporate actions of SSE securities and/or SZSE securities. Hong Kong and overseas investors (including the relevant Funds) will need to comply with the arrangement and deadline specified by their respective brokers or custodians/sub-custodians who are CCASS participants. The time for them to take actions for some types of corporate actions of SSE securities or SZSE securities (as the case may be) may be as short as one business day only. Therefore, the relevant Funds may not be able to participate in some corporate actions in a timely manner. Hong Kong and overseas investors (including the relevant Funds) will hold SSE securities and/or SZSE securities traded via the Stock Connects through their brokers or custodians/sub-custodians. According to existing Mainland China practice, multiple proxies are not available. Therefore, the relevant Funds may not be able to appoint proxies to attend or participate in shareholders' meetings in respect of the SSE securities and/or SZSE securities.
- *Clearing and Settlement Risk.* Should ChinaClear default, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing claims against ChinaClear, and the relevant Funds may suffer delay in recovery or may not fully recover its losses from ChinaClear.
- *Suspension Risk.* SEHK, SSE and SZSE may suspend trading of SSE securities and SZSE securities purchased on the Stock Connects if necessary to ensure an orderly and fair market and that risks are managed prudently. Suspending Northbound trading through Stock Connects would prevent the relevant Funds from accessing the Mainland China market through Stock Connects.
- *Differences in Trading Day.* The Stock Connects will only operate on days when both the Mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. Thus, there may be occasions when it is a normal trading day for the SSE or SZSE market but the relevant Funds cannot carry out any SSE securities or SZSE securities trading via Stock Connects. The relevant Funds may be subject to a risk of price fluctuations in SSE securities and SZSE securities during such times.
- *Restrictions on Selling Imposed by Front-end Monitoring.* PRC regulations require that before an investor sells any share, there should be sufficient shares in the account otherwise the SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on SSE securities and SZSE securities sell orders of its participants to ensure there is no over-selling. If a Fund intends to sell certain SSE securities and SZSE securities, to the extent such securities are not kept in the Special Segregated Account (SPSA) maintained with the Central Clearing and Settlement System established and operated by HKSCC ("CCASS"), it must ensure the availability of those securities is confirmed by its broker(s) before the market opens on the day of selling ("trading day"). If not, it will not be able to sell those shares on the trading day.
- *Operational Risk.* The securities regimes and legal systems of the Mainland China and Hong Kong markets differ significantly and market participants may need to address issues arising from the differences on an on-going basis. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. If the relevant systems fail to function properly, trading in both markets through the Stock Connects could be disrupted.
- *Regulatory Risk.* The current regulations relating to the Stock Connects are untested and there is no certainty as to how they will be applied. Using Stock Connects as a means of investment will result in trades being subject to additional restrictions to those usually traded directly on exchange, which may result to greater or more frequent fluctuations in investment value, and the investments may be harder to liquidate. The current regulations are subject to change and there can be no assurance that the Stock Connects will not be abolished.
- *Recalling of Eligible Stocks.* When a stock is recalled from the scope of eligible stocks for trading via the Stock Connects, the stock can only be sold but is restricted from being bought. This may affect the investment portfolio or strategies of the relevant Funds.
- *No Protection by Investor Compensation Fund.* Investment in SSE securities and SZSE securities via the Stock Connects is conducted through brokers, and is subject to the risks of default by such brokers in their obligations. Investments of the relevant Funds under the Stock Connects are not covered by the Hong Kong Investor Compensation Fund.

Certain Funds may invest, directly or indirectly (including through Bond Connect), in the China Interbank Bond Market ("CIBM"). The

China bond market mainly consists of the CIBM and the exchange listed bond market. The CIBM is an over-the-counter (OTC) market established in 1997. The majority of China Yuan Renminbi bond trading activity takes place in the CIBM. Products traded in this market include bonds issued both by the Chinese government and Chinese corporations. Primary risks of investing in the CIBM include price volatility and the potential lack of liquidity due to low trading volume of certain debt securities traded on such market. Funds investing in such market are therefore subject to liquidity and volatility risks and may suffer losses in trading on-shore China bonds.

To the extent that a Fund transacts in the CIBM, the Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

Bond Connect is a cross-border bond trading and settlement system between mainland China and Hong Kong. Bond Connect comprises a Northbound Trading Link. Under the Northbound Trading Link, Hong Kong and eligible overseas investors (including the relevant Funds), may trade eligible bonds via Hong Kong.

Under the Bond Connect system, a trading order can only be executed with onshore market makers approved by the Chinese regulators as the counterparty. The debt securities purchased through Bond Connect generally may not be sold, purchased or otherwise transferred other than through Bond Connect in accordance with applicable rules. This may expose the Fund to settlement risks if its counterparty defaults. The counterparty which has entered into a transaction with the relevant Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value. Since the account opening for investment in the CIBM via Bond Connect has to be carried out via an offshore custody agent, the relevant Fund is subject to the risks of default or errors on the part of the offshore custody agent.

Bond Connect will be subject to regulatory risks. The relevant rules and regulations on investment via Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant Chinese authorities suspend account opening or trading via Bond Connect, the relevant Fund's ability to invest in CIBM will be limited and may have an adverse effect on the relevant Fund's performance as the relevant Fund may be required to dispose of its CIBM holdings. The relevant Fund may also suffer substantial losses as a result.

The securities acquired by the relevant Funds via Bond Connect will be recorded in a nominee account opened by the Central Moneymakers Unit of the Monetary Authority of Hong Kong ("CMU") with Shanghai Clearing House and/or China Central Depository & Clearing. The precise nature and rights of the relevant Funds as the beneficial owner through CMU as nominee is not well defined under PRC law. The exact nature and methods of enforcement of the rights and interests of the relevant Funds under PRC law are also not clear. Investors should note that CMU as nominee holder does not guarantee title to the securities acquired via Bond Connect or held through it and shall have no obligation to take any legal action to enforce any rights on behalf of the relevant Funds in the PRC or elsewhere. The relevant Funds may suffer losses in the event of insolvency of CMU.

In accordance with the UCITS requirements, the Depositary shall provide for the safekeeping of the Fund's assets in the PRC through its global custody network. Such safekeeping requires the Depositary to retain control over Chinese securities at all times.

**MARKET RISK:** Market risk is the possibility of an investor experiencing losses due to factors that affect the overall performance of financial markets, including: changes in interest rates; trade, fiscal, monetary and exchange controls programmes and policies of governments; national and international political and economic events; the global and domestic effects of a pandemic; and any other failure of markets to function. Economic and financial markets throughout the world are increasingly interconnected. Economic, financial or political events, trading and tariff arrangements, public health events, terrorism, natural disasters and other circumstances in one country or region could have profound impact on global economies or markets. Whether or not a Fund invests in securities of issuers located in or with significant exposure to countries experiencing economic, political or financial difficulties, the value and liquidity of the Fund's investments may be negatively affected.

**Market Risk - Western Asset UCITS SMASh Series Core Plus Completion Fund:** The market prices of the Fund's securities may go up or down, sometimes rapidly or unpredictably, due to general market conditions, such as real or perceived adverse economic or political conditions, tariffs and trade disruptions, inflation, changes in interest rates, lack of liquidity in the bond markets or adverse investor sentiment. If the market prices of the Fund's securities fall, the value of your investment will decline. The value of your investment will generally go down when interest rates rise. A rise in rates tends to have a greater impact on the prices of longer term or duration securities. A general rise in interest rates may cause investors to move out of fixed income securities on a large scale, which could adversely affect the price and liquidity of fixed income securities and could also result in increased redemptions from the Fund. The maturity of a security may be significantly longer than its duration. A security's maturity and other features may be more relevant than its duration in determining the security's sensitivity to other factors affecting the issuer or markets generally such as changes in credit quality or in the yield premium that the market may establish for certain types of securities. Market events risk. The market values of securities or other assets will fluctuate, sometimes sharply and unpredictably, due to changes in general market conditions, overall economic trends or events, governmental actions or intervention, actions taken by the U.S. Federal Reserve or foreign central banks, market disruptions caused by trade disputes or other factors, political developments,

investor sentiment, the global and domestic effects of a pandemic, and other factors that may or may not be related to the issuer of the security or other asset. Economies and financial markets throughout the world are increasingly interconnected. Economic, financial or political events, trading and tariff arrangements, public health events, terrorism, natural disasters and other circumstances in one country or region could have profound impacts on global economies or markets. As a result, whether or not the Fund invests in securities of issuers located in or with significant exposure to the countries directly affected, the value and liquidity of the Fund's investments may be negatively affected. The rapid and global spread of a highly contagious novel coronavirus respiratory disease, designated COVID-19, first detected in China in December 2019, has resulted in extreme volatility in the financial markets and severe losses; reduced liquidity of many instruments; restrictions on international and, in some cases, local travel; significant disruptions to business operations (including business closures); strained healthcare systems; disruptions to supply chains, consumer demand and employee availability; and widespread uncertainty regarding the duration and long-term effects of this pandemic. Some sectors of the economy and individual issuers have experienced particularly large losses. In addition, the COVID-19 pandemic may result in a sustained economic downturn or a global recession, domestic and foreign political and social instability, damage to diplomatic and international trade relations and increased volatility and/or decreased liquidity in the securities markets. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries and individual issuers, are not known. The U.S. government and the Federal Reserve, as well as certain foreign governments and central banks, are taking extraordinary actions to support local and global economies and the financial markets in response to the COVID-19 pandemic, including by pushing interest rates to very low levels. These actions have resulted in significant expansion of public debt, including in the U.S. This and other government intervention into the economy and financial markets to address the COVID-19 pandemic may not work as intended, particularly if the efforts are perceived by investors as being unlikely to achieve the desired results. The COVID-19 pandemic could adversely affect the value and liquidity of the Fund's investments, impair the Fund's ability to satisfy redemption requests, and negatively impact the Fund's performance. In addition, the outbreak of COVID-19, and measures taken to mitigate its effects, could result in disruptions to the services provided to the Fund by its service providers. LIBOR risk. The Fund's investments, payment obligations, and financing terms may be based on floating rates, such as the London Interbank Offered Rate, or "LIBOR," which is the offered rate for short-term Eurodollar deposits between major international banks. Plans are underway to phase out the use of LIBOR by the end of 2021. There remains uncertainty regarding the nature of any replacement rate and the impact of the transition from LIBOR on the Fund's transactions and the financial markets generally. As such, the potential effect of a transition away from LIBOR on the Fund or the Fund's investments cannot yet be determined.

**BREXIT RISKS:** On 31 January 2020, the UK formally left the EU ("Brexit"). Under the terms of the withdrawal agreement a transition period ran to 31 December 2020, during which EU law continued to apply in the UK while the UK government and the EU continued to negotiate the terms of their future relationship. On 30 December 2020, the UK and the EU signed an EU-UK Trade and Cooperation Agreement, which applied from 1 January 2021 and sets out the foundation of the economic and legal framework for trade between the UK and the EU. Notwithstanding this, political and economic uncertainty and periods of exacerbated volatility in both the UK and in wider European markets may continue for some time. In particular, the UK's decision to leave the EU may lead to a call for similar referendums in other European jurisdictions, which may cause increased economic volatility in the European and global markets. This long-term uncertainty may have an adverse effect on the economy generally and on the ability of the Company to successfully execute its strategy and to earn attractive returns.

The ongoing consequences of Brexit could result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and increased legal, regulatory or compliance burden for investors, the Manager and/or the Company, each of which could have a negative impact on the operations, financial condition, returns or prospects of the Company. Brexit could also have an adverse effect on the tax treatment of the Company and its investments, in particular where reliance might have been placed on a UK entity's status as being in an EU member state for the purposes of determining eligibility for benefits under domestic legislation or under a double tax treaty.

At some point, the Funds may no longer be permitted to maintain registration for public sale of the Shares in the UK, which could mean that the Funds will no longer be available for investment by certain UK investors.

In particular, currency volatility may mean that the returns of certain positions of the Company are adversely affected by market movements and may make it more difficult, or more expensive, for the Company execute prudent currency hedging policies. Potential decline in the value of the Pound Sterling and/or the Euro against other currencies, along with the potential downgrading of the UK's sovereign credit rating, may also have an impact on the performance of certain investments made in the UK or Europe. In light of the above uncertainties, no definitive assessment can currently be made regarding the impact that Brexit will have on the Company and its investments.

**EUROZONE RISKS:** A number of countries in Europe have experienced severe economic and financial difficulties, including defaults by non-governmental issuers and even certain governments. Financial markets in Europe and elsewhere have experienced extreme volatility and declines in asset values and liquidity. These difficulties may continue, worsen or spread within and outside Europe. Whether or not a Fund invests in securities of issuers located in Europe or with significant exposure to European issuers or countries, these events could negatively affect the value and liquidity of the Fund's investments.

**RISKS OF EQUITY-RELATED SECURITIES:** Equity-related securities (“ERS”) are generally subject to the same risks as the equity securities or baskets of equity securities to which they relate. Upon the maturity of the ERS, the Fund generally receives a return of principal based on the capital appreciation of the underlying securities. If the underlying securities decline in value, the ERS may return a lower amount at maturity. The trading price of an ERS also depends on the value of the underlying securities. ERS involve further risks associated with purchases and sales of notes, including the exchange rate fluctuations and a decline in the credit quality of the ERS issuer. ERS may be secured by collateral. If an issuer defaults, the Fund would look to any underlying collateral to recover its losses. Rating of issuers of ERS refer only to the issuers’ creditworthiness and the related collateral. They provide no indication of the potential risks of the underlying securities.

Warrants and rights, which provide rights to buy securities, can provide a greater potential for profit or loss than an equivalent investment in the underlying security. Prices of warrants and rights do not necessarily move in tandem with the prices of the underlying securities and may be volatile. Warrants and rights have no voting rights, pay no dividends and offer no rights with respect to the assets of the issuer other than a purchase option. If a warrant or right held by a Fund is not exercised by the date of its expiration, the Fund would lose the entire purchase price of the warrant or right.

**RISKS OF CONVERTIBLE SECURITIES:** Although to a lesser extent than with debt securities generally, the market value of convertible securities tends to decline as interest rates increase and, conversely, tends to increase as interest rates decline. In addition, because of the conversion feature, the market value of convertible securities tends to vary with fluctuations in the market value of the underlying common stocks and, therefore, also will react to variations in the general market for equity securities.

As debt securities, convertible securities are investments which provide for income with generally higher yields than common stocks. Like all debt securities, there can be no assurance of current income because the issuers of the convertible securities may default on their obligations. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality – this is because of the potential for capital appreciation through the conversion feature, which enables the holder to benefit from increases in the market price of the underlying common stock. However, there can be no assurance of capital appreciation because securities prices fluctuate.

Convertible securities generally are subordinated to other similar but non-convertible debt securities of the same issuer. Because of the subordination feature, convertible securities typically have lower ratings than similar non-convertible securities.

Contingent convertible securities (or “CoCos”) are subject to additional risks. They may be difficult to value, due to the need to evaluate the probability of the conversion event occurring. Coupon payments on CoCos are discretionary and may be cancelled by the issuer, and such cancellations do not constitute default by the issuer. Investors in CoCos may suffer a loss of capital when holders of equity in the same issuer do not. CoCos are issued as perpetual instruments, callable at pre-determined levels only with the approval of the relevant authority. The investor may not receive return of principal if expected on a call date or indeed at any date. The CoCo structure is innovative but untested in stressed market environments.

**CONCENTRATION RISK:** The Investment Manager of a Fund may make investment decisions primarily on the basis of company-specific factors, which may result in a substantial portion of the Fund’s investments consisting of securities of companies doing business in one industry or product field. Other Funds may concentrate investments in securities of issuers from a particular country or geographic region. Such concentrations of assets could increase the potential for volatility and risk of loss, especially in periods of pronounced market volatility.

**INVESTMENT STYLE RISK:** The Funds may take significant, long-term positions that the relevant Investment Manager believes are undervalued by the market. Companies in which a Fund invests may remain out of favour with the market for extended periods of time. Each Fund may continue to hold, and in some cases add to, a declining position so long as the Investment Manager continues to view the market as incorrectly valuing the security. As a result, each Fund faces the risk of mis-estimation by the Investment Manager in its fundamental analysis regarding the companies in which the Fund invests. The performance of the Funds may not closely correlate to specific market indices over time and may include extended periods of underperformance as compared to the broader market.

**RISKS OF MICRO, SMALL AND MID-SIZED COMPANY STOCKS:** Certain Funds may invest in equity securities of micro, small and mid-sized companies. Investment in such securities involves special risks. Among other things, the prices of securities of micro, small and mid-sized companies generally are more volatile than those of larger companies; the securities of smaller companies generally are less liquid; and smaller companies generally are more likely to be adversely affected by poor economic or market conditions. Investments in securities of companies with smaller market capitalisations are generally considered to offer greater opportunity for appreciation but also may involve greater risks than customarily are associated with more established companies. The securities of smaller companies may be subject to more abrupt fluctuations in market price than larger, more established companies. Smaller companies may have limited product lines, markets or financial resources, or they may be dependent upon a limited management group. In addition to exhibiting greater volatility, smaller company stocks may, to a degree, fluctuate independently of larger company stocks (*i.e.*, small company stocks may decline in price as the prices of large company stock rise or vice versa).



**INFRASTRUCTURE RISKS:** Securities and instruments of infrastructure companies are susceptible to adverse economic or regulatory occurrences affecting their industries.

Infrastructure companies may be subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, high leverage, costs associated with environmental and other regulations, the effects of economic slowdown, surplus capacity, increased competition from other providers of services, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors.

Where investment is made in new infrastructure projects during the construction phase, some residual risk will remain that the project will not be completed within budget, within the agreed timeframe or to the agreed specifications. The operations of infrastructure projects are exposed to unplanned interruptions caused by significant catastrophic events, such as cyclones, earthquakes, landslides, floods, explosion, fire, terrorist attack, major plant breakdown, pipeline or electricity line rupture or other disaster. Operational disruption, as well as supply disruption, could adversely impact the cashflows available from these assets.

Infrastructure companies also may be affected by or subject to, among other factors, laws and regulations by various government authorities, including rate regulation and service interruption due to environmental, operational or other mishaps. Standards set by these laws and regulations are imposed regarding certain aspects of health and environmental quality, and they provide for penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, obligations to remediate and rehabilitate current and former facilities and locations where operations are, or were, conducted. These laws and regulations may have a detrimental impact on the financial performance of infrastructure projects.

**CUSTODY AND SETTLEMENT RISKS:** As the Funds may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Funds which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risks in circumstances where by the Depositary will have no liability. Such markets include, among others, Indonesia, Korea and India, and such risks include (i) a non-true delivery versus payment settlement, (ii) a physical market, and as a consequence the circulation of forged securities, (iii) poor information in regards to corporate actions, (iv) registration process that impacts the availability of the securities, (v) lack of appropriate legal/fiscal infrastructure advices, and (vi) lack of compensation/risk fund with the relevant Central Depositary. Furthermore, even when a Fund settles trades with counterparties on a delivery-versus-payment basis, it may still be exposed to credit risk to parties with whom it trades.

Certain markets in Central and Eastern Europe present specific risks in relation to the settlement and safekeeping of securities. These risks result from the fact that physical securities may not exist in certain countries (such as Russia); as a consequence, the ownership of securities is evidenced only on the issuer's register of shareholders. Each issuer is responsible for the appointment of its own registrar. In the case of Russia, this results in a broad geographic distribution of several thousand registrars across Russia. Russia's Federal Commission for Securities and Capital Markets (the "Commission") has defined the responsibilities for registrar activities, including what constitutes evidence of ownership and transfer procedures. However, difficulties in enforcing the Commission's regulations mean that the potential for loss or error still remains and there is no guarantee that the registrars will act according to the applicable laws and regulations. Widely accepted industry practices are still in the process of being established. When registration occurs, the registrar produces an extract of the register of shareholders as at that particular point in time. Ownership of shares is evidenced by the records of the registrar, but not by the possession of an extract of the register of shareholders. The extract is only evidence that registration has taken place. It is not negotiable and has no intrinsic value. In addition, a registrar will typically not accept an extract as evidence of ownership of shares and is not obligated to notify the Depositary, or its local agents in Russia, if or when it amends the register of shareholders. As a consequence of this Russian securities are not on physical deposit with the Depositary or its local agents in Russia. Therefore, neither the Depositary nor its local agents in Russia can be considered as performing a physical safekeeping or custody function in the traditional sense. The registrars are neither agents of, nor responsible to, the Depositary or its local agents in Russia. Investments in securities listed or traded in Russia will only be made in securities that are listed or traded on the Moscow Stock Exchange. The Depositary's liability extends to its negligent or intentional failure to perform its obligations and does not extend to losses due to the liquidation, bankruptcy, negligence or wilful default of any registrar. In the event of such losses the relevant Fund will have to pursue its rights directly against the issuer and/or its appointed registrar. The aforesaid risks in relation to safekeeping of securities in Russia may exist, in a similar manner, in other Central and Eastern European countries in which the Funds may invest.

**FAIR VALUE PRICING RISKS:** Details of the method of calculation of the NAV per Share of the Funds are set out in the section of the Prospectus entitled "Determination of Net Asset Value". Normally assets listed or traded on a Regulated Market or certain over-the-counter markets for which market quotations are readily available shall be valued at the latest available mid price as at the relevant Valuation Point on the Dealing Day. However, the Administrator may use a systematic fair valuation model provided by an independent third party to value equity securities and/or fixed income securities traded on such markets in order to adjust for stale pricing which may occur between the close of foreign exchanges and the relevant Valuation Point on the relevant Dealing Day. If a security is valued using fair value pricing, the relevant Fund's value for that security is likely to be different than the latest available mid price for that security.

**RISKS OF INDEXED SECURITIES, CREDIT-LINKED NOTES AND STRUCTURED NOTES:** Investment in indexed securities, credit-linked notes and structured notes involves certain risks, including the credit risk of the issuer and the normal risks of price changes in response to changes in interest rates. Further in the case of certain of these instruments, a decline in the reference instrument may cause the interest rate to be reduced to zero, and any further declines in the reference instrument may then reduce the principal amount payable on maturity. These instruments may be less liquid than other types of securities, and may be more volatile than their underlying reference instruments.

**RISKS OF INFLATION-PROTECTED SECURITIES:** Inflation-protected securities are special types of indexed securities that are tied to indices that are calculated based on the rates of inflation for prior periods. The value of inflation-protected securities, including US TIPS, generally fluctuates in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of inflation-protected securities. Conversely, if inflation rises at a faster rate than nominal interest rates, real interest rates might decline, leading to an increase in value of inflation-protected securities.

If a Fund purchases inflation-protected securities in the secondary market whose principal values have been adjusted upward due to inflation since issuance, the Fund may experience a loss if there is a subsequent period of deflation. Additionally, if the Fund purchases inflation-protected securities in the secondary market whose price has been adjusted upward due to real interest rates increasing, the Fund may experience a loss if real interest rates subsequently increase. If inflation is lower than expected during the period the Fund holds an inflation-protected securities, the Fund may earn less on the security than on a conventional bond. If the Fund sells US TIPS in the secondary market prior to maturity however, the Fund may experience a loss.

If real interest rates rise (i.e., if interest rates rise for reasons other than inflation (for example, due to changes in currency exchange rates)), the value of the inflation-protected securities in the Fund's portfolio will decline. Moreover, because the principal amount of inflation-protected securities would be adjusted downward during a period of deflation, the Fund will be subject to deflation risk with respect to its investments in these securities. There can be no assurance that such indices will accurately measure the real rate of inflation.

Additionally, the market for inflation-protected securities may be less developed or liquid, and more volatile, than certain other securities markets. Although the US Treasury is contemplating issuing additional inflation-protected securities, there is no guarantee that it will do so. There are a limited number of inflation-protected securities that are currently available for the Fund to purchase, thus making the market less liquid and more volatile than the US Treasury and agency markets.

The US Treasury currently issues US TIPS in only ten-year maturities, although it is possible that US TIPS with other maturities will be issued in the future. Previously, US TIPS have been issued with maturities of five, ten or thirty years. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed even during a period of deflation. However as with inflation-protected securities generally, because the principal amount of US TIPS would be adjusted downward during a period of deflation, the Fund will be subject to deflation risk with respect to its investments in these securities. In addition, the current market value of the bonds is not guaranteed, and will fluctuate. If the Fund purchases US TIPS in the secondary market whose principal values have been adjusted upward due to inflation since issuance, the Fund may experience a loss if there is a subsequent period of deflation. If inflation is lower than expected during the period the Fund holds a US TIPS, the Fund may earn less on the security than on a conventional bond.

**RISKS OF SECURITIES OF SUPRANATIONAL ORGANISATIONS:** Supranational organisations are entities designated or supported by governments or governmental entities to promote economic development, and include, among others, the Asian Development Bank, the European Community, the European Investment Bank, the Inter-American Development Bank, the International Monetary Fund, the United Nations, the World Bank and the European Bank for Reconstruction and Development. These organisations have no taxing authority and are dependent upon their members for payments of interest and principal. Moreover, the lending activities of such supranational entities are limited to a percentage of their total capital (including "callable capital") contributed by members at an entity's call, reserves and net income.

**CURRENCY RISKS:** Each Fund that invests in securities denominated in currencies other than the Fund's Base Currency, and/or invests in debt securities and holds active positions in currencies other than its Base Currency, may be exposed to currency exchange risk. For example, changes in exchange rates between currencies or the conversion from one currency to another may cause the value of the Fund's investments to diminish or increase. Currency exchange rates may fluctuate over short periods of time. They generally are determined by supply and demand in the currency exchange markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors. Currency exchange rates can be affected unpredictably by intervention (or the failure to intervene) by governments or central banks, or by currency controls or political developments.

If the currency in which a portfolio security of a Fund is denominated appreciates against the Fund's Base Currency, the Base Currency value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the

security expressed in the Base Currency of the Fund. The Funds may or may not engage in foreign currency transactions or otherwise attempt to hedge against currency fluctuations between its underlying investments and its Base Currency. A Fund's hedging transactions, while potentially reducing the currency risks to which the Fund would otherwise be exposed, involve certain other risks, including the risk of default by a counterparty, and the risk that the relevant Investment Manager's forecast with respect to currency movements is incorrect.

With respect to Share Classes that are denominated in a currency other than the relevant Fund's Base Currency and that do not include "(Hedged)" in their name, the relevant Investment Manager will not employ any techniques to hedge these Share Classes' exposure to changes in exchange rates between the Base Currency and the currency of the Share Class. As such, the NAV per Share and investment performance of such Shares Classes may be affected, positively or negatively, by changes in the value of the Base Currency relative to the value of the currency in which the relevant Share Class is denominated.

With respect to the Hedged Share Classes, while the Investment Manager or Currency Administrator will attempt to hedge the risk of changes in value between Base Currency and the currency of the relevant Hedged Share Class, and in the case of the Portfolio Hedged Share Classes the currencies to which the Fund's portfolio is exposed. There can be no guarantee that the relevant Investment Manager or Currency Administrator will be successful in doing so. The use of Share Class hedging strategies may substantially limit Shareholders in the relevant Hedged Share Class from benefiting if the currency of the Hedged Share Class falls against the Base Currency, the currencies that are significant to the relevant Fund's strategy and/or the currencies to which the Fund's portfolio is exposed, as applicable.

**RISK OF REITs:** Investments in REITs and other issuers that invest, deal or otherwise engage in transactions in or hold real estate or interests therein expose a Fund to risks similar to investing directly in real estate. For example, real estate values may fluctuate as a result of general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, changes in zoning laws, casualty or condemnation losses, regulatory limitations on rents, changes in neighbourhood values, changes in how appealing properties are to tenants and increases in interest rates. As well as changes in the value of their underlying properties, the value of REITs may also be affected by defaults by borrowers or tenants.

Furthermore, REITs are dependent on specialised management skills. Some REITs may have limited diversification and may be subject to risks inherent in financing a limited number of properties. REITs depend generally on their ability to generate cash flows to make distributions to shareholders or unitholders, and may be subject to defaults by borrowers and to self-liquidations. In addition, the performance of a US-domiciled REIT may be adversely affected if it fails to qualify for tax-free pass-through of income under US tax law or if it fails to maintain exemption from registration under the 1940 Act.

**RISKS OF SECURITIES OF OTHER INVESTMENT COMPANIES AND EXCHANGE-TRADED FUNDS:** Investing in securities issued by other investment companies or exchange-traded funds ("ETFs") involves risks similar to those of investing directly in the securities and other assets held by the investment company or ETF. In addition, a Fund would bear, along with other shareholders, its *pro rata* portion of the expenses of the other investment company or ETF, including management and/or other fees. These fees would be in addition to the management fees and other expenses which a Fund bears directly in connection with its own operations. Investing in hedge funds and other privately offered funds involves the additional risk of potentially significant volatility. Like any security that trades on an exchange, the prices of ETFs and closed-end funds are subject to supply and demand and therefore may not trade at their underlying net asset value. Investments in funds that are not registered with regulatory authorities may be riskier than investments in regulated funds, because they are subject to less regulation and regulatory oversight.

**RISKS OF MORTGAGE-BACKED SECURITIES:** Mortgage-backed securities provide a monthly payment consisting of interest and principal payments. Additional payments may be made out of unscheduled repayments of principal resulting from the sale of the underlying property, refinancing or foreclosure, net of fees or costs that may be incurred. Prepayments of principal on mortgage-backed securities may tend to increase due to refinancing of mortgages as interest rates decline. Prepayments may be passed through to the registered holder with the regular monthly payments of principal and interest, and have the effect of reducing future payments. In the event of prepayments, the Funds may experience a loss (if the price at which the respective security was acquired by the fund was at a premium over par, which represents the price at which the security will be redeemed upon repayment) or a gain (if the price at which the respective security was acquired by the Fund was at a discount from par). To the extent that a Fund purchases mortgage-backed securities at a premium, mortgage foreclosures and prepayments of principal by mortgagors (which may be made at any time without penalty) may result in some loss of the Fund's principal investment to the extent of the premium paid. Prepayments may occur with greater frequency in periods of declining mortgage rates because, among other reasons, it may be possible for mortgagors to refinance their outstanding mortgages at lower interest rates. When market interest rates increase, the market values of mortgage-backed securities decline. At the same time, however, mortgage refinancing slows, which lengthens the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed-income securities.



Mortgage pools created by private organisations generally offer a higher rate of interest than governmental and government-related pools because there are no direct or indirect guarantees of payments in the former pools. Timely payment of interest and principal in private organisation pools, however, may be supported by various forms of private insurance or guarantees, including individual loan, title, pool and hazard insurance. There can be no assurance that the private insurers can meet their securities under the policies. The Funds' yields may be affected by reinvestment of prepayments at higher or lower rates than the original investment. In addition, like those of other debt securities, the values of mortgage-related securities, including government and government-related mortgage pools, generally will fluctuate in response to market interest rates.

Structured mortgage-backed securities may be leveraged and are subject to different combinations of prepayment, extension, interest rate and/or other market risks. Conventional mortgage pass-through securities and CMOs are subject to all of these risks, but are typically not leveraged. Planned amortisation bonds, targeted amortisation bonds and other senior classes of sequential and parallel pay CMOs involve less exposure to prepayment, extension and interest rate risk than other mortgage-backed securities, provided that prepayment rates remain within expected prepayment ranges or collars. The risk of early prepayments is the primary risk associated with mortgage IOs, super floaters and other leveraged floating rate mortgage-backed securities. The primary risks associated with COFI floaters, other "lagging rate" floaters, capped floaters, inverse floaters, POs and leveraged inverse IOs are the potential extension of average life and/or depreciation due to rising interest rates. The residual classes of CMOs are subject to both prepayment and extension risk. Other types of floating rate derivative debt securities present more complex types of interest rate risks. For example, range floaters are subject to the risk that the coupon will be reduced to below market rates if a designated interest rate floats outside of a specified interest rate band or collar. Dual index or yield curve floaters are subject to depreciation in the event of an unfavorable change in the spread between two designated interest rates. In addition to the interest rate, prepayment and extension risks described above, the risks associated with transactions in these securities may include: (1) leverage and volatility risk and (2) liquidity and valuation risk.

**RISKS OF STRIPPED SECURITIES:** The yield to maturity on an Interest Only or Principal Only class of stripped mortgage-backed securities is extremely sensitive not only to changes in prevailing interest rates but also to the rate of principal payments (including prepayments) on the underlying assets. A rapid rate of principal prepayments may have a measurably adverse effect on the Fund's yield to maturity to the extent it invests in Interest Only Bonds. If the assets underlying the Interest Only Bond experience greater than anticipated prepayments of principal, the Fund may fail to recoup fully its initial investment in these securities. Conversely, Principal Only Bonds tend to increase in value if prepayments are greater than anticipated and decline if prepayments are slower than anticipated. The secondary market for stripped mortgage-backed securities may be more volatile and less liquid than that for other mortgage-backed securities, potentially limiting the Fund's ability to buy or sell those securities at any particular time.

**RISKS OF ASSET-BACKED SECURITIES:** The principal of asset-backed securities may be prepaid at any time. As a result, if such securities were purchased at a premium, a prepayment rate that is faster than expected will reduce yield to maturity, while a prepayment rate that is slower than expected will have the opposite effect. Conversely, if the securities are purchased at a discount, prepayments faster than expected will increase yield to maturity and prepayments slower than expected will decrease it. Accelerated prepayments also reduce the certainty of the yield because the Funds must reinvest the assets at the then-current rates. Accelerated prepayments on securities purchased at a premium also impose a risk of loss of principal because the premium may not have been fully amortised at the time the principal is repaid in full.

**RISKS OF NON-PUBLICLY TRADED SECURITIES:** Non-publicly traded securities may involve a high degree of business and financial risk and may result in substantial losses. Non-publicly traded securities may be less liquid than publicly traded securities, and a Fund may take longer to liquidate these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid by the Fund. Further, companies whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements that would be applicable if their securities were publicly traded. The Fund's investment in illiquid securities is subject to the risk that should the Fund desire to sell any of these securities when a ready buyer is not available at a price that is deemed to be representative of their value, the NAV of the Fund could be adversely affected.

**DERIVATIVES RISKS:** Derivatives, in general, involve special risks and costs and may result in losses to a Fund. Some Funds may hold short positions on securities exclusively through derivatives, and the risks inherent in the investment strategies of such Funds are not typically encountered in more traditional "long only" funds. The successful use of derivatives requires sophisticated management, and a Fund will depend on the ability of its Investment Manager to analyse and manage derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of a Fund may prove not to be what its Investment Manager expected. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses to the Fund, creating conceptually the risk of unlimited loss.

Other risks arise from the potential inability to terminate or sell derivatives positions. A liquid secondary market may not always exist for a Fund's derivatives positions at any time. In fact, many over-the-counter instruments will not be liquid and may not be able to be "closed out" when desired. Over-the-counter instruments such as swap transactions also involve the risk that the other party will not meet its obligations to the Fund. The participants in "over-the-counter" markets are typically not subject to credit evaluation and

regulatory oversight as are members of “exchange-based” markets, and there is no clearing corporation which guarantees the payment of required amounts. This exposes the Fund to risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Derivative contracts may also involve legal risk which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

**Risk Measurement:** Each Fund using derivatives will seek to limit the market risk and leverage created through the use of derivatives by using either the commitment approach or a sophisticated risk measurement technique known as “value-at-risk” (the “VaR approach”). The FTGF Brandywine Global – EM Macro Bond Fund and Western Asset UCITS SMASh Series Core Plus Completion Fund use the VaR approach. Each other Fund using derivatives uses the commitment approach. The Manager employs a risk management process to enable it to accurately measure, monitor and manage the risks attached to FDI positions.

The commitment approach calculates leverage by measuring the market value of the underlying exposures of derivatives relative to the relevant Fund’s NAV. VaR is a statistical methodology that seeks to predict, using historical data, the likely maximum loss that a Fund could suffer, calculated to a specific (e.g., “one tailed” 99%) confidence level. The FTGF Brandywine Global – EM Macro Bond Fund and Western Asset UCITS SMASh Series Core Plus Completion Fund will use an “absolute” VaR model where the measurement of VaR is relative to the NAV of the Fund. A VaR model has certain inherent limitations and it cannot be relied upon to predict or guarantee that the size or frequency of losses incurred by a Fund will be limited to any extent. As the VaR model relies on historical market data as one of its key inputs, if current market conditions differ from those during the historical observation period, the effectiveness of the VaR model in predicting the VaR of a Fund may be materially impaired. Investors may suffer serious financial consequences under abnormal market conditions.

The effectiveness of the VaR model could be impaired in a similar fashion if other assumptions or components comprised in the VaR model prove to be inadequate or incorrect. Where the FTGF Brandywine Global – EM Macro Bond Fund and Western Asset UCITS SMASh Series Core Plus Completion Fund use an absolute VaR model, in accordance with the requirements of the Central Bank and as set out above, each Fund is subject to an absolute VaR limit of 20% of the Fund’s NAV, based on a 20 day holding period and a “one tailed” 99% confidence interval. However, each Fund may from time to time experience a change in NAV over a 20 day holding period greater than 20% of NAV.

In addition to using the VaR approach, the Manager will monitor leverage levels of FTGF Brandywine Global – EM Macro Bond Fund and Western Asset UCITS SMASh Series Core Plus Completion Fund on a daily basis to monitor changes due to market movements. In addition, the Manager shall carry out pretrade testing to consider the impact that the trade would have on the Funds’ overall leverage and to consider the risk/reward levels of the trade.

**Risks of Using Options:** Because option premiums paid or received by a Fund will be small in relation to the market value of the investment underlying the options, trading in options could cause the Fund’s NAV to be subject to more frequent and wider fluctuations than would be the case if the Fund did not use options.

Upon the exercise of a put option written by a Fund, the Fund may suffer a loss equal to the difference between the price at which the Fund is required to purchase the underlying asset and its market value at the time of the option exercise, less the premium received for writing the option. Upon the exercise of a call option written by a Fund, the Fund may suffer a loss equal to the excess of the market value of the asset at the time of the option’s exercise over the price at which the Fund is obliged to sell the asset, less the premium received for writing the option.

The value of an option position will reflect, among other things, the current market value of the underlying investment, the time remaining until expiration, the relationship of the exercise price to the market price of the underlying investment, the price volatility of the underlying investment and general market conditions. Options purchased by a Fund that expire unexercised have no value, and the Fund will realise a loss in the amount of the premium paid plus any transaction costs.

No assurance can be given that a Fund will be able to effect closing transactions at a time when it wishes to do so. If a Fund cannot enter into a closing transaction, the Fund may be required to hold assets that it might otherwise have sold, in which case it would continue to be at market risk on such assets and could have higher transaction costs, including brokerage commissions. In addition, options that are not exchange traded will subject a Fund to risks relating to its counterparty, such as the counterparty’s bankruptcy, insolvency, or refusal to honour its contractual obligations.

Options on indices may, depending on the circumstances, involve greater risk than options on securities. A Fund can offset some of the risk of writing a call index option by holding a diversified portfolio of securities similar to those on which the underlying index is based. However, the Fund cannot, as a practical matter, acquire and hold a portfolio containing exactly the same securities as underlie the index and, as a result, bears a risk that the value of the securities held will vary from the value of the index.

The Funds are prohibited from writing uncovered options.

**Risks of Using Futures and Options on Futures:** If a Fund were unable to liquidate a futures contract or an option on a futures position due to the absence of a liquid market, the imposition of price limits or otherwise, it could incur substantial losses. The Fund would continue to be subject to market risk with respect to the position. In addition, except in the case of purchased options, the Fund would continue to be required to make daily variation margin payments and might be required to maintain the position being hedged by the future or option or to maintain cash or securities in a segregated account.

If an index future is used for hedging purposes, the risk of imperfect correlation between movements in the price of index futures and movements in the price of the securities that are the subject of the hedge increase as the composition of the Fund's portfolio diverges from the securities included in the applicable index. The price of the index futures may move more than or less than the price of the securities being hedged. To compensate for the imperfect correlation of movements in the price of the securities being hedged and movements in the price of the index futures, the Fund may buy or sell index futures in a greater currency amount than the currency amount of the securities being hedged if the historical volatility of the prices of such securities being hedged is more than the historical volatility of the prices of the securities included in the index. It is also possible that, where the Fund has sold index futures contracts to hedge against a decline in the market, the market may advance and the value of the securities held in the Fund may decline. If this occurs, the Fund will lose money on the futures contract and also experience a decline in the value of its portfolio securities.

Where index futures are purchased to hedge against a possible increase in the price of securities before the Fund is able to invest in them in an orderly fashion, it is possible that the market may decline instead. If the relevant Investment Manager then decides not to invest in the securities at that time because of concern about possible further market decline or for other reasons, the Fund will realise a loss on the futures contract that is not offset by a reduction in the price of the securities it had anticipated purchasing.

**Risks of Using Swaps:** Certain Funds may enter into transactions in swaps (including credit default swaps, interest rate swaps (including non-deliverable), total return swaps, swaptions, currency swaps (including non-deliverable), contracts for differences and spread locks), options on swaps, caps, floors and collars. An interest rate swap involves the exchange by a Fund with another party of their respective commitments to pay or receive cash flows (e.g., an exchange of floating rate payments for fixed-rate payments). The purchase of a cap entitles the purchaser, to the extent that a specified index exceeds a predetermined value, to receive payments on a notional principal amount from the party selling the cap. The purchase of a floor entitles the purchaser, to the extent that a specified index falls below a predetermined value, to receive payments on a notional principal amount from the party selling the floor. A collar combines elements of buying a cap and selling a floor. A collar is created by purchasing a cap or floor and selling the other. The premium due for the cap (or floor as appropriate) is partially offset by the premium received for the floor (or cap as appropriate), making the collar an effective way to hedge risk at low cost. Spread locks are contracts that guarantee the ability to enter into an interest rate swap at a predetermined rate above some benchmark rate. A non-deliverable swap is one in which the payments to be exchanged are in different currencies, one of which is a thinly traded or non-convertible currency, and the other is a freely convertible, major currency. At each payment date, the payment due in the non-convertible currency is exchanged into the major currency at a daily reference rate, and net settlement is made in the major currency.

Certain Funds may also enter into credit default swap agreements. The Funds may be either the buyer or seller in a credit default swap transaction. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If a Fund is a buyer and no event of default occurs, the Fund will lose its investment and recover nothing. On the other hand, if the Fund is a buyer and an event of default does occur, the Fund (i.e., the buyer) will receive the full notional value of the reference obligation that may have little or no value. Conversely, if the Fund is a seller and an event of default occurs, the Fund (i.e., the seller) must pay the buyer the full notional value, or "par value", of the reference obligation in exchange for the reference obligation. As a seller, a Fund receives a fixed rate of income throughout the term of the contract, which typically is between six months and three years, provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation.

Total return swaps are agreements whereby the Fund agrees to pay a stream of payments based on an agreed interest rate in exchange for payments representing the total economic performance, over the life of the swap, of the asset or assets underlying the swap. Through the swap the Fund may take a long or short position in the underlying asset(s), which may constitute a single security or a basket of securities. Exposure through the swap closely replicates the economics of physical shorting (in the case of short positions) or physical ownership (in the case of long positions), but in the latter case without the voting or beneficial ownership rights of direct physical ownership. If a Fund invests in total return swaps or other FDI with the same characteristics, the underlying asset or index may be comprised of equity or debt securities, Money Market Instruments or other eligible investments which are consistent with the investment objective and policies of the Fund. The counterparties to such transactions are typically banks, investment firms, broker-dealers, collective investment schemes or other financial institutions or intermediaries. The counterparties to total return swaps entered into by a Fund will not assume any discretion over the composition or management of the Fund's investment portfolio or over the underlying of the FDIs, and the counterparty's approval is not required in relation to any portfolio transactions by the Fund.

Swap agreements, including caps, floors and collars, can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the overall volatility of a Fund's investments and its share price and yield because, and to the extent, these agreements affect the Fund's exposure to long- or short-term interest rates, foreign currency values, mortgage-backed securities values, corporate borrowing rates or other factors such as security prices or inflation rates. Swap agreements will tend to shift a Fund's investment exposure from one type of investment to another. For example, if a Fund agrees to exchange payments in US Dollars for payments in the currency of another country, the swap agreement would tend to decrease the Fund's exposure to US interest rates and increase its exposure to the other country's currency and interest rates. Caps and floors have an effect similar to buying or writing options.

Payments under a swap contract may be made at the conclusion of the contract or periodically during its term. If there is a default by the counterparty to a swap contract, a Fund will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that swap contract counterparties will be able to meet their obligations pursuant to swap contracts or that, in the event of default, the Fund will succeed in pursuing contractual remedies. The Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to swap contracts.

In addition, because swap contracts are individually negotiated and ordinarily non-transferable, there also may be circumstances in which it would be impossible for a Fund to close out its obligations under the swap contract. Under such circumstances, a Fund might be able to negotiate another swap contract with a different counterparty to offset the risk associated with the first swap contract. Unless a Fund is able to negotiate such an offsetting swap contract, however, it could be subject to continued adverse developments, even after the Fund's portfolio manager has determined that it would be prudent to close out or offset the first swap contract.

The use of swaps involves investment techniques and risks different from and potentially greater than those associated with ordinary portfolio securities transactions. If the Fund's portfolio manager is incorrect in its expectations of market values or interest rates the investment performance of a Fund would be less favourable than it would have been if this efficient portfolio management technique were not used.

**Risk Measurement:** Each Fund using FDI will seek to limit the market risk and leverage created through the use of derivatives by using the commitment approach. The Manager employs a risk management process to enable it to accurately measure, monitor and manage the risks attached to FDI positions. The commitment approach calculates leverage by measuring the market value of the underlying exposures of derivatives relative to the relevant Fund's NAV.

**REPURCHASE AND REVERSE REPURCHASE AGREEMENTS:** Repurchase Agreements create the risk that the market value of the securities sold by a Fund may decline below the price at which the Fund is obliged to repurchase such securities under the agreement. If the buyer of securities under a Repurchase Agreement files for bankruptcy or proves insolvent, the Fund's use of proceeds from the agreement may be restricted pending the determination by the other party or its trustee or receiver whether to enforce the obligation to repurchase the securities.

If the seller of a Reverse Repurchase Agreement fails to fulfil its commitment to repurchase the security in accordance with the terms of the agreement, the relevant Fund may incur a loss to the extent that the proceeds realised on the sale of the securities are less than the repurchase price. If the seller becomes insolvent, a bankruptcy court may determine that the securities do not belong to the Fund and order that the securities be sold to pay off the seller's debts. There may be both delays in liquidating the underlying securities and losses during the period while the Company on behalf of the Fund seeks to enforce its rights, including possible sub-normal level of income and lack of access to income during the period and expenses in enforcing its rights.

**SECURITIES LENDING AGREEMENTS:** A Fund will be exposed to credit risk presented by the counterparty to any securities lending contract, similar to Repurchase Agreements and Reverse Repurchase Agreements. The risks associated with lending portfolio securities include the possible loss of rights against the collateral for the securities should the borrower fail financially.

**EUROPEAN MARKET INFRASTRUCTURE REGULATION ("EMIR"):** A Fund entering into OTC derivative contracts must comply with EMIR requirements including mandatory clearing, bilateral risk management and reporting. These obligations may result in additional costs for the Fund and sanctions by the Central Bank in the event of non-compliance.

**EUROPEAN BENCHMARKS REGULATION:** The Benchmarks Regulation imposes obligations on administrators, contributors and certain users of benchmarks such as some of the Funds. There is a risk that benchmarks used by certain Funds be changed or discontinued, or that the Funds may no longer be permitted to use them.

**SECURITISATION REGULATION:** The Securitisation Regulation (Regulation EU 2017/2402) (the "Securitisation Regulation") came into force and applies across the EU from 1 January 2019. The Securitisation Regulation applies to EU-regulated institutional investors investing in Securitisations. Fund management companies such as the Manager, and accordingly the Funds, are within scope



of the Securitisation Regulation. The definition of “Securitisation” is intended to capture any transaction or scheme where the credit risk associated with an exposure or a pool of exposures is tranching. Essentially, the definition includes any investment with tranches or classes where payments in the transaction or scheme are dependent on the performance of the exposure or of the pool of exposures and the participation in losses differs between the tranches during the life of the transaction or scheme.

Fund management companies such as the Manager must ensure that the originator, sponsor or original lender of a Securitisation retains at least a 5% net economic interest in the Securitisation. These rules mean that the Manager or the relevant Investment Manager will need to conduct due diligence before a Fund invests in a Securitisation Position and continue to perform due diligence during the period the investment continues in a Securitisation. Where a Fund is exposed to a Securitisation Position which does not meet the requirements of the Securitisation Regulation, the Manager or the relevant Investment Manager is required to, in the best interests of the investors in the relevant Fund, act and take corrective action, if appropriate.

The Securitisation Regulation applies to Securitisations the securities of which are issued on or after 1 January 2019 or which create new Securitisation Positions on or after that date. Certain Securitisations which were eligible for purchase by the Funds before that date are no longer eligible.

**UMBRELLA STRUCTURE OF THE COMPANY AND CROSS-LIABILITY RISK:** The Company is an umbrella fund with segregated liability between Funds and under Irish law the Company generally will not be liable as a whole to third parties and there generally will not be the potential for cross liability between the Funds. Each Fund will be responsible for paying its fees and expenses regardless of the level of its profitability. Notwithstanding the foregoing, there can be no assurance that, should an action be brought against the Company in the courts of another jurisdiction, the segregated nature of the Funds would necessarily be upheld.

**RISKS ASSOCIATED WITH UMBRELLA CASH ACCOUNTS:** The Umbrella Cash Account operates in respect of the Company rather than a relevant Fund and the segregation of Investor Monies from the liabilities of Funds other than the relevant Fund to which the Investor Monies relate is dependent upon, among other things, the correct recording of the assets and liabilities attributable to individual Funds by or on behalf of the Company.

In the event of an insolvency of the Fund, there is no guarantee that the Fund will have sufficient monies to pay unsecured creditors (including the investors entitled to Investor Monies) in full.

Monies attributable to other Funds within the Company are also held in the Umbrella Cash Accounts. In the event of the insolvency of a Fund (an “Insolvent Fund”), the recovery of any amounts to which another Fund (the “Beneficiary Fund”) is entitled, but which may have transferred in error to the Insolvent Fund as a result of the operation of the Umbrella Cash Account, will be subject to applicable law and the operational procedures for the Umbrella Cash Account. There may be delays in effecting, and/or disputes as to the recovery of, such amounts, and the Insolvent Fund may have insufficient funds to repay amounts due to the Beneficiary Fund. If the Beneficiary Fund is unable to recoup such amounts, it may incur losses or expenses in anticipation of receiving such amounts, which in turn may adversely affect its NAV.

If an investor fails to provide the subscription monies within the timeframe stipulated in the Prospectus, the investor may be required to indemnify the Fund against the liabilities that may be incurred by it. The Company may cancel any Shares that have been issued to the investor and charge the investor interest and other expenses incurred by the relevant Fund. If the Company is unable to recoup such amounts from the defaulting investor, the relevant Fund may incur losses or expenses in anticipation of receiving such amounts, for which the relevant Fund, and consequently its Shareholders, may be liable.

It is not expected that any interest will be paid on the amounts held in the Umbrella Cash Account. Any interest earned on the monies in the Umbrella Cash Account will be for the benefit of the relevant Fund and will be allocated to the Fund on a periodic basis for the benefit of the Shareholders at the time of the allocation.

**INVESTMENTS IN MONEY MARKET FUNDS:** The purchase of shares in a Money Market Fund is not the same as placing funds on deposit with a bank or deposit-taking company. The Money Market Funds are not a guaranteed investment and there is a risk that Shareholders might not recover their initial investment. They do not rely on external support to guarantee their liquidity or stabilise their constant NAV per Share. The Company has no obligation to redeem Shares at the subscription price.

**RISK OF TERMINATION OF THE FUNDS:** In the event of the termination of any Fund, the Fund would have to distribute to the Shareholders their pro rata interest in the assets of the Fund. It is possible that at the time of such sale or distribution, certain investments held by the Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the Shareholders. Moreover, any organisational expenses with regard to the Shares and Funds that had not yet become fully amortised would be debited against the applicable Fund’s capital at that time. Where one or a few Shareholders own a significant percentage of the outstanding Shares of a Fund, redemptions by such Shareholders may make the continuing operation of the Fund not viable and/or not in the best interests of

remaining Shareholders, thereby leading to the termination of the Fund.

**DISTRIBUTIONS FROM CAPITAL:** The Distributing Plus Share Classes may declare and pay distributions out of capital. Investors in these Share Classes should be aware that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or of capital gains attributable to that original investment, and such distributions will result in a corresponding immediate decrease in the NAV per Share of the Share Class. The payment of distributions out of capital will accordingly lead to capital erosion and may be achieved by forgoing the potential for future capital growth. This cycle may continue until all capital is depleted. Distributions out of capital may have different tax implications to distributions of income. Investors are recommended to seek advice in this regard.

**CHARGING FEES AND EXPENSES TO CAPITAL:** The Distributing Plus (e) Share Classes offered by certain of the Funds may charge certain fees and expenses to capital rather than income. Charging all or part of the fees and expenses to capital will result in income being increased for distribution; however, the capital that these Distributing Plus (e) Share Classes have available for investment in the future, and capital growth, may be reduced. Shareholders should note that there is an increased risk that on the redemption of Shares of Distributing Plus (e) Share Classes, Shareholders may not receive back the full amount invested. For investors in Distributing Plus (e) Share Classes, this may result in the erosion of investors' capital investment notwithstanding the performance of the relevant Fund, or capital gains attributable to that original investment, which will likely diminish the value of future returns. The increased dividend payout as a result of charging fees and expenses to capital effectively amounts to a return or withdrawal of an investor's original capital investment or of capital gains attributable to that original investment. The higher level of dividend payout under this charging mechanism will result in a corresponding immediate decrease in the NAV of the Share Classes on the ex-dividend date. Shareholders should note that to the extent expenses are charged to capital, some or all of the distributions made by the Distributing Plus (e) Share Classes should be considered to be a form of capital reimbursement.

**RISKS OF MASTER LIMITED PARTNERSHIPS:** The risks of investing in an MLP are generally those involved in investing in a partnership as opposed to a corporation. For example, the law governing partnerships is often less restrictive than the law governing corporations. Accordingly, there may be fewer protections afforded to investors in an MLP than investors in a corporation. Investments held by MLPs may be relatively illiquid, limiting the MLPs' ability to vary their portfolios promptly in response to changes in economic or other conditions. MLPs may have limited financial resources, their securities may trade infrequently and in limited volume, and they may be subject to more abrupt or erratic price movements than securities of larger or more broadly-based companies.

Another risk of investing in an MLP is that the US federal regulations governing MLPs change in a manner that is adverse to US investors in MLPs, which would likely cause the value of investments in MLPs to drop significantly.

The value of an investment in an MLP focused on the energy sector may be directly affected by the prices of natural resources commodity prices. The volatility and interrelationships of commodity prices can also indirectly affect certain MLPs due to the potential impact on the volume of commodities transported, processed, stored or distributed. A Fund's investment in an MLP may be adversely affected by market perceptions that the performance and distributions or dividends of MLPs are directly tied to commodity prices. Investments in MLPs will require Funds to prepare and file certain tax filings, and the additional cost of preparing and filing tax returns and paying the related taxes may adversely impact the Fund's return on its investment in MLPs.

MLPs generally make distributions to unitholders out of operating cash flow. Depending on the particular MLP, some or all of such distributions may be a return of capital to unitholders of the MLP, including the Fund. Such distributions that are returns of capital may impact the potential for future capital growth of the MLP.

**RISK OF US WITHHOLDING TAX:** The Company is required to comply (or be deemed compliant) with extensive new reporting and withholding requirements (known as "FATCA") designed to inform the US Department of the Treasury of US-owned foreign investment accounts. Pursuant to an intergovernmental agreement between the United States and Ireland, the Company (or each Fund) may be deemed compliant, and therefore not subject to the withholding tax, if it identifies and reports US Taxpayer information directly to the Irish government. Shareholders may be requested to provide additional information to the Company to enable the Company (or each Fund) to satisfy these obligations. Failure to provide requested information may subject a Shareholder to liability for any resulting US withholding taxes, US tax information reporting and/or mandatory redemption, transfer or other termination of the Shareholder's interest in its Shares. Detailed guidance as to the mechanics and scope of this new reporting and withholding regime is continuing to develop. There can be no assurance as to the timing or impact of any such guidance on future operations of the Company (or each Fund). See "Foreign Account Tax Compliance Act" under "Taxation – US Tax Considerations" below.

**SUSTAINABILITY RISK:** The Investment Manager considers that sustainability risks are relevant to the returns of the Fund. The integration of sustainability risks in the investment decision process may have the effect of excluding profitable investments from the investment universe of the Fund and may also cause the Fund 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 Fund 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 Fund.

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.

**DILUTION ADJUSTMENTS:** For each Fund except the Legg Mason Western Asset US Dollar Liquidity Fund, a dilution adjustment may be applied to the NAV per Share of a Fund on a Dealing Day (i) if net subscriptions or redemptions exceed certain pre-determined percentage thresholds relating to a Fund's NAV (where such percentage thresholds have been pre-determined for each Fund from time to time by the Directors or by a committee nominated by the Directors) or (ii) in any other cases where there are net subscriptions or redemptions in the Fund and the Directors or their delegate reasonably believes that imposing a dilution adjustment is in the best interests of existing Shareholders.

Where a dilution adjustment is applied, it will increase the NAV per Share of a Fund when there are net inflows and decrease the NAV



per Share of a Fund when there are net outflows. The NAV per Share, as adjusted by any dilution adjustment, will be applicable to all transactions in Shares or the relevant Fund on the relevant Dealing Day. Therefore, for an investor who subscribes to a Fund on a Dealing Day when the dilution adjustment increases the NAV per Share, the cost per Share to the investor will be greater than it would have been absent the dilution adjustment. For an investor who redeems a certain number of Shares from a Fund on a Dealing Day when the dilution adjustment decreases the NAV per Share, the amount received by the investor in redemption proceeds for the Shares redeemed will be less than it would have been absent the dilution adjustment.

**CYBER SECURITY RISKS:** With the increased use of technologies such as the Internet and other electronic media and technology to conduct business, the Company, each Fund and the Company's service providers and their respective operations are susceptible to operational, information security and related risks including cyber security attacks or incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorised access to digital systems, networks or devices (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Cyber security failures or breaches by affecting the Company, a Fund and/or the Company's service providers, and the issuers of securities in which the Funds invest, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, shutting down, disabling, slowing or otherwise disrupting operations, business process or website access functionality, interference with a Fund's ability to calculate its NAV, impediments to trading, the inability of Fund shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs, the loss of propriety information, suffer data corruption. Among other potentially harmful effects, cyber-events also may result in theft, unauthorised monitoring and failures in the physical infrastructure or operating systems that support the Company and the Company's service providers. Similar adverse consequences could result from cyber security attacks, failures or breaches affecting issuers of securities in which the Funds invest, counterparties with which the Funds engage in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for Fund shareholders) and other parties. In addition, substantial costs may be incurred in order to try to prevent any cyber incidents in the future.

## FEES AND EXPENSES

Each Fund shall pay all of its expenses and its due proportion of any expenses allocated to it. These expenses may include the costs of (i) establishing and maintaining the Company, the relevant Fund and any subsidiary company (established for efficient portfolio management purposes only), trust or collective investment scheme approved by the Central Bank and registering the Company, the relevant fund and the Shares with any governmental or regulatory authority or with any regulated market (ii) management, administration, custodial and related services (which may include networking fees paid to entities, including Dealers, that provide recordkeeping and related services), (iii) preparation, printing and posting of prospectuses, sales literature and reports to Shareholders, the Central Bank and governmental agencies, (iv) taxes, (v) commissions and brokerage fees, (vi) auditing, tax and legal fees, (vii) insurance premiums, and (viii) other operating expenses. Other operating expenses may include, but are not limited to, fees payable to subsidiaries of Franklin Templeton Investments or other service providers for the provision of: governance support and reporting to the Board; an anti-money laundering reporting officer to the Company; insurance services to the Board; and ongoing registration services for jurisdictions where the Funds are publicly offered. Such expenses are in addition to the shareholder servicing and investment management fees.

Each Director who is not an employee of a Franklin Templeton Investments company shall be entitled to receive fees by way of remuneration for his or her services at a rate to be determined from time to time by the Directors provided that the annual fees paid to each Director shall not exceed Euro 200,000. The foregoing limit shall not be increased without Shareholders' prior approval. In addition, each Director shall be entitled to reimbursement for any out-of-pocket expenses.

At the discretion of the Directors, the Distributing Plus (e) Share Classes may charge certain fees and expenses to capital. There is an increased risk that on redemption of this Share Class, Shareholders may not receive back the full amount invested. The reason for charging fees and expenses to capital is to increase the amount of distributable income. It should be noted that the distribution of income from this Share Class may result in the erosion of capital, thus some of the potential for future capital growth will be lost as a consequence of seeking to increase the amount that can be distributed by this Share Class. Although this share class type is permitted to charge certain fees and expenses to capital, they may choose not to do so. The Funds' annual and semi-annual reports will disclose whether such Share Classes have charged fees and expenses to capital and the amount of such fees and expenses.

At the discretion of the Directors, the Distributing Plus Share Classes may distribute from capital. There is an increased risk that on redemption of this Share Class, Shareholders may not receive back the full amount invested. The reason for allowing distributions from

capital is to maintain a more consistent rate of distribution. It should be noted that the distribution of capital from this Share Class may result in the erosion of capital, thus some of the potential for future capital growth will be lost as a consequence of seeking to increase the amount that can be distributed by this Share Class. Although these Funds are permitted to distribute from capital, they may choose not to do so. The Funds' annual and semi-annual reports will disclose whether such Share Classes have distributed capital and the amount of such capital.

All expenses relating to the establishment of a Fund will be borne by such Fund. These organisational costs are not expected to exceed US\$50,000 and will be expensed in full during the first year of the Fund's operation. In addition, the Funds shall pay the following expenses:

**MANAGEMENT FEES:** Pursuant to the Management Agreement, for each Fund, the Manager shall be entitled to receive a management fee out of the assets of the Fund for its investment management and distribution services, which shall accrue on each Dealing Day and be payable monthly in arrears (the "Management Fees"). Pursuant to the Management Agreement, the Manager shall also be entitled to receive a shareholder servicing fee for its shareholder services as set out below under "Shareholder Servicing Fees." The Company shall also be responsible for the prompt payment or reimbursement to the Manager of any commissions, transfer fees, registration fees, taxes and similar liabilities, costs and out-of-pocket expenses properly payable or incurred by the Manager.

The Fund Summaries indicate the maximum Management Fees and Shareholder Servicing Fee for each Share Class (expressed as a percentage of the relevant Fund's NAV attributable to such Class). There are no Management Fees payable by the Funds with respect to the LM Share Classes. Investors in the LM Share Classes may include clients of the Manager, the Investment Manager, the Sub-Investment Manager or their affiliates, and the Manager, Investment Manager and/or Sub-Investment Manager may receive, directly or indirectly, compensation outside of the Funds from those investors with respect to the assets invested in the LM Share Classes.

**COMPENSATION OF INVESTMENT MANAGERS AND SUB-INVESTMENT MANAGERS:** Pursuant to each Investment Management Agreement, each Investment Manager is entitled to receive an investment management fee from the Manager and each Investment Manager is responsible for paying the fees and out-of-pocket expenses of any Sub-Investment Managers it has appointed out of its own investment management fee.

**COMPENSATION OF DISTRIBUTORS:** The Manager and the Company have entered into a Master Distribution Agreement with the Master Distributor under which the Manager has delegated to the Master Distributor certain responsibilities associated with marketing and distributing the Funds. The Manager shall pay the Master Distributor a portion of its Management Fee as agreed between the parties from time to time. The Master Distributor has entered into separate Distribution Agreements with FTIA and Templeton Asset Management Ltd. and a master agent agreement with Franklin Templeton Securities Investment Consulting (SinoAm) Inc under which the Master Distributor has delegated to these Distributors certain responsibilities associated with marketing and distributing each of the Funds. The Master Distributor shall pay to these Distributors a portion of its distribution fee as agreed between the parties from time to time. The Manager has also appointed FT Luxembourg as an additional Distributor.

The Manager and the Distributors may appoint one or more Dealers to serve as dealers of the Funds and assist them with marketing and distributing the Funds. The Manager and each Distributor, in its own discretion, may pay such Dealers based on gross sales, current assets or other measures and the Distributors shall be responsible for paying these Dealers for marketing and distributing the Funds. The amount of compensation paid by the Manager and Distributors may be substantial and may differ between different Dealers. The minimum aggregate sales required for eligibility for such compensation, and the factors in selecting and approving Dealers to which they will be made, are determined from time to time by the Manager and the Distributors. The receipt of (or prospect of receiving) payments described above may serve as an incentive to a Dealer or its salespersons to favour sales of the Shares over sales of other funds (or other investments) in which the selling agent does not receive such payments or receives them in a lower amount. These payment arrangements will not, however, change the price at which Shares are issued by the Funds or the amount that a Fund receives to invest on behalf of the Shareholder. A Shareholder may wish to consider such payment arrangements when evaluating any recommendations of the Funds.

**SHAREHOLDER SERVICES FEE:** Pursuant to the Management Agreement, the Manager shall be entitled to receive a shareholder services fee out of the assets of the relevant Funds for its services, which shall accrue on a Dealing Day and be payable monthly in arrears (the "Shareholder Services Fees"). The Shareholder Services Fees shall be payable monthly in arrears and shall accrue on each Dealing Day. Under the Master Shareholder Servicing Agreement between the Manager, the Company and the Master Shareholder Servicing Agent, the Master Shareholder Servicing Agent shall be entitled to receive from the Manager a shareholder services fee from certain of the Share Classes for their services as shareholder servicing agent. The Fund Summaries herein show the maximum annual amount of shareholder servicing fees paid by each Share Class.

The Manager, Master Shareholder Servicing Agent and the Franklin Templeton Investments entities appointed by Master Shareholder Servicing Agent may compensate out of the shareholder services fees or other resources one or more selling or shareholder servicing

agents that provide shareholder services to certain Shareholders, including selling agents that have been appointed to market and distribute the Funds.

**ADMINISTRATION FEE:** The Administrator is entitled to receive from the Funds an administration fee in the amount set out below. The Company will pay the Administrator this administration fee for and on behalf of the Funds. The fees and expenses of the Administrator accrue on each Dealing Day and are payable monthly in arrears.

**DEPOSITARY FEE:** The Depositary is entitled to receive from the Funds a depositary fee in the amount set out below. The Company shall pay the Depositary this depositary fee for and on behalf of the Funds.

The combined administration and depositary fee will not exceed 0.15% per annum of the NAV of each Fund or such other fee as may be agreed in writing between the Administrator, the Depositary and the Funds and notified to Shareholders. The Administrator and Depositary are responsible for certain categories of their out-of-pocket expenses as specified in an agreement with the Company. The Company will be responsible for reimbursing the Administrator and the Depositary for other out-of-pocket expenses. The Company shall also reimburse the Depositary for sub-custodian fees, which shall be charged at normal commercial rates.

**CURRENCY ADMINISTRATION FEE:** For all Unhedged Share Classes denominated in a currency other than the relevant Fund's Base Currency, the Currency Administrator is entitled to receive fees for the conversion of currencies on subscriptions, exchanges and distributions on such Share Classes which shall be at prevailing commercial rates. Where the Currency Administrator has been appointed to provide hedging administration services to a Hedged Share Class, the Currency Administrator is entitled to receive fees for such services which shall be at prevailing commercial rates. Such fees, and any other fees payable in respect of the hedging of any of the Hedged Share Classes, shall be borne exclusively by the relevant Hedged Share Class.

**INITIAL CHARGE AND OTHER FEES OR EXPENSES:** Investors in Class A Shares may be required to pay a Distributor or Dealer an initial charge of up to 5%. Investors in Class E Shares may be required to pay a Distributor or Dealer an initial charge of up to 2.5%. In the event an investor purchases or redeems Shares through a paying agent, the investor may also be charged the fees and expenses of the paying agent in the applicable jurisdiction. The Company has appointed paying agents and local representative agents and may appoint additional paying agents and local representative agents upon prior approval of the Central Bank. Under the terms of agreements between the Company and each such paying agent or representative agent, the Company may be obligated to pay the paying agent or local representative agent a fee for its services as paying agent or local representative agent for the Company in the particular country, which fee shall be at normal commercial rates for the relevant jurisdiction and shall be set forth in the Company's accounts.

Upon redemption of Shares, investors in certain of the Share Classes may be required to pay a contingent deferred sales charge ("CDSC") – see "Contingent Deferred Sales Charges" under "Administration of the Company" as well as the Fund Summary for more information.

## **ADMINISTRATION OF THE COMPANY**

### **DETERMINATION OF NET ASSET VALUE**

The NAV for each Share Class of the Funds shall be expressed in the currency of such Share Class. The Administrator shall determine the NAV per Share for each Share Class of the Funds on each Dealing Day as at the relevant Valuation Point in accordance with the Articles and by reference to the latest available mid prices (for bonds and equities) on the relevant market on the Dealing Day. The NAV per Share in the Funds shall be calculated by dividing the assets less its liabilities, by the number of Shares in issue in respect of that Fund. Any liabilities of the Company which are not attributable to any fund shall be allocated pro rata amongst all of the funds. Where a Fund is made up of more than one Share Class, the NAV of each Share Class shall be determined by calculating the amount of the NAV of the Fund attributable to that Share Class. The amount of the NAV of each Fund attributable to a Share Class shall be determined by establishing the number of shares in issue in the Share Class as at the close of business on the Dealing Day immediately preceding the Dealing Day on which the NAV of the Share Class is being determined or in the case of the first Dealing Day as at the close of the Initial Offer Period and by allocating relevant Share Class expenses to the Share Class and making appropriate adjustments to take account of distributions paid out of the Fund, if applicable, and apportioning the NAV of the Fund accordingly. The NAV per Share of a Share Class shall be calculated by dividing the NAV of the Fund attributable to the Share Class by the number of Shares in issue in that Share Class (calculated and expressed to up to three decimal places of the currency in which the Share Class is denominated) as at the close of business on the Dealing Day immediately preceding the Dealing Day on which the NAV per Share is being calculated or in the case of the first Dealing Day as of the close of the Initial Offer Period.

In determining the value of the assets of the Funds, each security which is traded on a Regulated Market will be valued on the Regulated Market which is normally the principal market for such security on the basis of the latest available mid price on the Dealing Day.

In the case of unlisted securities or any assets traded on a Regulated Market, but in respect of which a price or quotation is not available at the time of valuation which would provide a fair valuation, the value of such asset shall be estimated with care and in good faith by a

competent person selected by the Directors and approved for that purpose by the Depositary and such value shall be determined on the basis of the probable realisation value of the investment.

Notwithstanding the foregoing, the Administrator may use a systematic fair valuation model provided by an independent third party approved by the Depositary to value equity securities and/or fixed income securities in order to adjust for stale pricing which may occur between the close of foreign exchanges and the relevant Valuation Point on the relevant Dealing Day.

Cash and other liquid assets will be valued at their face value with interest accrued (if any) to the close of business on the Dealing Day. Investments in collective investment schemes shall be valued on the basis of the latest available redemption price for the shares or units in the collective investment scheme.

Exchange-traded derivative instruments shall be valued at the relevant settlement price on the applicable exchange. Derivative instruments not traded on an exchange shall be valued daily using a valuation calculated by a competent person, which may include an independent pricing vendor, appointed by the Directors and approved for that purpose by the Depositary. Such valuation shall be reconciled on a monthly basis to the valuation provided by the counterparty to such instrument. Forward foreign exchange contracts shall be valued by reference to the price at which a new forward contract of the same size and maturity could be undertaken as of the close of business on the Dealing Day.

In determining the value of the assets there shall be added to the assets any interest or dividends accrued but not received and any amounts available for distribution but in respect of which no distribution has been made.

Where applicable, values shall be converted into its respective base currency at the exchange rate applicable as of the close of business on the Business Day preceding the Dealing Day.

#### **Dilution Adjustments**

In calculating the NAV per Share for each Fund (except the Legg Mason Western Asset US Dollar Liquidity Fund) on any Dealing Day, the Company may, at its discretion, adjust the NAV per Share for each Share Class by applying a dilution adjustment: (1) if net subscriptions or redemptions exceed certain pre-determined percentage thresholds relating to a Fund's NAV (where such percentage thresholds have been pre-determined for each Fund from time to time by the Directors or by a committee nominated by the Directors) or (2) in any other cases where there are net subscriptions or redemptions in the Fund and the Directors or their delegate reasonably believes that imposing a dilution adjustment is in the best interests of existing Shareholders.

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. Such costs could have a materially disadvantageous effect on the interests of existing Shareholders in the Fund.

The dilution adjustment amount for each Fund will be calculated on a particular Dealing Day by reference to the estimated costs of dealing in the underlying investments of that Fund, including any dealing spreads, market impact, commissions and transfer taxes and will be applied to each Share Class in an identical manner. Where there are net inflows into a Fund, the dilution adjustment will increase the NAV per Share. Where there are net outflows from a Fund, the dilution adjustment will decrease the NAV per Share. The NAV per Share, as adjusted by any dilution adjustment, will be applicable to all transactions in Shares in the relevant Fund on the relevant Dealing Day. More information about the dilution adjustments can be obtained by Shareholders upon request to any Distributor.

Specific liquidity management procedures and valuation provisions apply to the Legg Mason Western Asset US Dollar Liquidity Fund. They are set out in Schedule X of this Prospectus.

#### **SUBSCRIPTION PRICE**

Following the relevant Initial Offer Period, the subscription price per Share for all Share Classes shall be the NAV per Share next determined plus, in the case of any of the Class A Share Classes, an initial charge of up to 5% and in the case of any of the Class E Share Classes, an initial charge of up to 2.5%. The initial charge shall be payable to the Distributors or such person as they may direct, including Dealers. For each Fund (except the Legg Mason Western Asset US Dollar Liquidity Fund), on any Dealing Day a dilution adjustment may be made, which will be reflected in the NAV per Share.

Each Fund may operate an equalisation account and therefore if Shares are acquired otherwise than at the beginning of an account period, the first distribution after acquisition will include a refund of capital, referred to as an equalisation payment, which is not subject to tax as income. The amount of the equalisation payment must be deducted from the original purchase cost of the Shares in computing the allowable costs of the shares for capital gains purposes.

## MINIMUM SUBSCRIPTION AMOUNTS AND INITIAL OFFER PRICES

The minimum subscription amounts are set out in Schedule VIII of this Prospectus.

Initial offer prices for each Share Classes, other than those in which the initial investment is the result of the merger of an Affiliated Fund, are set out in the table below. For Share Classes in which the initial investment results from the merger of a sub-fund into a Fund, the initial offer price is equal to the last calculated net asset value per share of merging share class.

	Share Classes (as listed in Schedule IV)	Currencies (as listed in Schedule IV)	Initial offer price per Share (in units of the relevant currency)
Legg Mason Western Asset US Dollar Liquidity Fund <sup>7</sup>	Distributing	US\$	1
	Accumulating	US\$	100
All other Funds	All	All except JPY, SGD, KRW, BRL and ZAR	100
		JPY, KRW and HUF	10,000
		SGD	1
		BRL	100 (US\$ equivalent)
		ZAR and CZK	1,000

Schedule IX indicates which Share Classes are in an Initial Offer Period.

The Company may decide to extend the Initial Offer Period of a Share Class and leave it open until a sufficient number of Shares have been subscribed for to allow for efficient management of the Share Class. Any extension of the Initial Offer Period will be notified to the Central Bank where required.

## SUBSCRIPTION PROCEDURES

Existing and prospective Shareholders may place orders to purchase Shares of the Funds up to the relevant Valuation Point on any Dealing Day. Orders received by the Fund or a Dealer prior to the relevant Valuation Point on a Dealing Day will, if accepted, be dealt with at the subscription price calculated on that Dealing Day. Orders received by the Fund or a Dealer after the relevant Valuation Point on a Dealing Day will, if accepted, be dealt with at the subscription price calculated on the next succeeding Dealing Day. Shares of the Funds may be purchased by subscribing for Shares directly with the Administrator, through EuroClear or through a Dealer. Certain Dealers may impose a deadline for receipt of orders that is earlier than the relevant Valuation Point.

**SUBSCRIPTIONS THROUGH A DEALER:** Dealers who enter into agreements with the Distributors in relation to the Funds may make offers of Shares. Orders to subscribe for Shares made through an account maintained at a Dealer or bank intermediary of record generally are deemed received in proper form on the date and at the time on which the order is received by the Dealer, its agent or the bank intermediary of record (which shall not be later than the relevant Valuation Point) on the relevant Dealing Day subject to final acceptance by the Administrator. Subscription orders received by a Dealer prior to the relevant Valuation Point on a Dealing Day shall be dealt with at the subscription price calculated on such Dealing Day, provided that certain Dealers may impose a deadline for receipt of orders that is earlier than the relevant Valuation Point. Orders received by a Dealer after the relevant Valuation Point on a Dealing Day shall be dealt with at the subscription price calculated on the next succeeding Dealing Day.

Dealers in Europe who trade via platforms and who do not have a contractual arrangement with a Distributor or other contractual nexus to a Distributor are deemed through their dealing with the Company to have accepted the platform terms of business that are located at <https://www.franklintempleton.co.uk/download/en-gb/NOTICES/fc4e970e-baa2-4297-b0e5-8b82be3523ea/terms-of-business-platform-users-en-gb.pdf>, as may be amended from time to time. Such Dealers should check the website from time to time for the current terms of business that apply to them.

**SUBSCRIPTIONS THROUGH THE FUNDS:** Existing and prospective Shareholders may place orders to purchase Shares of the Funds directly with the Administrator. Initial applications may be made to the Administrator up to the relevant Valuation Point on any Dealing Day in the relevant location by placing a purchase order by way of a properly completed application form to the Administrator. To facilitate prompt investment, an initial subscription may be processed upon receipt of a faxed instruction and Shares may be issued.

<sup>7</sup> The information in the table applies to Share Classes other than those in which the initial investment is expected to be made via a merger of another fund sponsored by Franklin Templeton or its affiliates (the “Merging Fund”). For Share Classes in which the initial investment is made via a Merging Fund, the initial offer price will be equal to the last calculated NAV per Share of the relevant Share Class in the Merging Fund.



However, the original application form must be received promptly. No redemption payment may be made from that holding until the original application form has been received by the Administrator and all of the necessary anti-money laundering checks have been completed.

Before subscribing for Shares an investor will be required to complete a declaration as to the investor's tax residency or status in the form prescribed by the Revenue Commissioners.

Applications received by the Administrator prior to the relevant Valuation Point on a Dealing Day will, if accepted, be dealt with at the subscription price calculated on that Dealing Day. Applications received by the Administrator after the relevant Valuation Point will, if accepted, be dealt with at the subscription price calculated on the next succeeding Dealing Day.

A Shareholder may purchase additional Shares of the Funds by submitting a subscription instruction by mail, fax or such other means as may be permitted by the Directors (where such means are in accordance with the requirements of the Central Bank). Such instructions shall contain such information as may be specified by time to time by the Directors or their delegate. Existing Shareholders who wish to subscribe by fax or other means should contact the Administrator or relevant Distributor for further details.

**SUBSCRIPTIONS THROUGH EUROCLEAR:** For investors wishing to hold Shares through Euroclear, settlement must be effected through Euroclear. Investors must ensure that they have cleared funds and/or credit arrangements in their Euroclear account sufficient to pay the full subscription monies on the Dealing Day on which they wish to subscribe for Shares.

Euroclear Bank, as operator of the Euroclear System ("Euroclear Operator"), holds securities on behalf of participants of the Euroclear System. Euroclear eligible securities are freely transferable in the Euroclear System. Therefore, the Euroclear Operator does not monitor any ownership or transfer restrictions on behalf of the Fund, but will provide the Administrator with the name and contact address of each person who purchases Shares.

Fractional Shares will not be issued for purchases which are settled through Euroclear.

Investors wishing to hold Shares through Euroclear may obtain the Euroclear Common Code for the Fund and settlement procedures by contacting the Administrator in Dublin via telephone at +353 53 9149999 or via facsimile at +353 53 9149710.

**ORDER ACCEPTANCE:** The Company and the Administrator reserve the right to reject in whole or in part any application for Shares or to request further details or evidence of identity from an applicant for, or transferee of, Shares. Where an application for Shares is rejected, the subscription monies shall be returned to the applicant without interest within fourteen days of the date of such application. Any charges incurred will be borne by the applicant.

The Company reserves the right to refuse any prospective investor or reject any purchase order for shares (including exchanges) for any reason or without reason, including but not limited to any order placed by or on behalf of an investor whom the Company or the Administrator determines to have engaged in a pattern of short-term or excessive trading in the Funds (except solely in the Money Market Funds) or other funds. Short-term or excessive trading into and out of the Funds may harm performance by disrupting portfolio management strategies and/or by increasing Fund expenses.

Each Shareholder must notify the Administrator in writing of any change in the information contained in the application form and furnish the Administrator or Dealer with whatever additional documents relating to such change as it may request.

Measures aimed at the prevention of money laundering may require an applicant to provide verification of identity to the Administrator. The Administrator will notify applicants if proof of identity is required. By way of example, an individual may be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, the police or the ambassador in his country of residence, together with evidence of the applicant's address, such as a utility bill or bank statement. In the case of corporate applicants, this may require production of a certified copy of the certificate of incorporation (and any change of name), bye-laws, memorandum and articles of association (or equivalent), and the names and addresses of all directors and beneficial owners.

Shares will not be issued until the Administrator has received and is satisfied with all the information and documentation required to verify the identity of the applicant. This may result in shares being issued on a Dealing Day subsequent to the Dealing Day on which an applicant initially wished to have Shares issued to him.

It is further acknowledged that the Administrator shall be held harmless by the applicant against any loss arising as a result of a failure to process the subscription if such information as has been requested by the Administrator has not been provided by the applicant.

The Articles of Association provide that the Company may issue Shares at their NAV in exchange for securities which a Fund may acquire in accordance with its investment objective and policies and may hold or sell, dispose of or otherwise convert such securities into cash. No Shares shall be issued until ownership of the securities has been transferred to the Company for the account of the relevant

Fund. The value of the securities shall be determined by the Administrator on the relevant Dealing Day in accordance with the methodology outlined in the section entitled “Determination of Net Asset Value”.

**DATA PROTECTION NOTICE:** Prospective investors should note that by completing the application form they are providing personal information, which may constitute “personal data” within the meaning of the Data Protection Legislation.

The following indicates the purposes for which investors’ personal data may be used by the Company and the legal bases for such uses:

- to manage and administer the investor’s holding in the Company and any related accounts on an ongoing basis as required for the performance of the contract between the Company and the investor and to comply with legal and regulatory requirements;
- to carry out statistical analysis (including data profiling) and market research in the Company’s legitimate business interest;
- for any other specific purposes where the investor has given specific consent. Such consent may be subsequently withdrawn by the investor at any time, without affecting the lawfulness of processing based on consent before its withdrawal;
- to comply with legal and regulatory obligations applicable to the investor and/or the Company from time to time, including applicable anti-money laundering and counter terrorist legislation. In particular, in order to comply with the Common Reporting Standard (as implemented in Ireland by Section 891E, Section 891F and Section 891G of the Taxes Consolidation Act 1997 (as amended) and regulations made pursuant to those sections), Shareholders’ personal data (including financial information) may be shared with the Irish tax authorities and the Revenue Commissioners. They in turn may exchange information (including personal data and financial information) with foreign tax authorities (including foreign tax authorities located outside the European Economic Area). Please consult the AEOI (Automatic Exchange of Information) webpage on [www.revenue.ie](http://www.revenue.ie) for further information in this regard; or
- for disclosure or transfer, whether in Ireland or countries outside Ireland, including without limitation the United States, which may not have the same data protection laws as Ireland, to third parties including financial advisers, regulatory bodies, auditors, technology providers or to the Company and its delegates and its or their duly appointed agents and any of their respective related, associated or affiliated companies for the purposes specified above as required for the performance of the contract between the Company and the investor or as needed in the Company’s legitimate business interests.

Investors’ personal data may be disclosed by the Company to its delegates and service providers (including the Manager, Investment Managers, Sub-Investment Managers, Distributors, Dealers, Shareholder Servicing Agents, the Administrator and the Depositary), its duly authorised agents and any of its respective related, associated or affiliated companies, professional advisors, regulatory bodies, auditors and technology providers for the same purpose(s).

Investors’ personal data may be transferred to countries which may not have the same or equivalent data protection laws as Ireland. If such transfer occurs, the Company will ensure that such processing of such personal data complies with Data Protection Legislation and, in particular, that appropriate measures are in place, such as entering into Model Contractual Clauses (as published by the European Commission) or ensuring that the recipient is Privacy Shield certified, if appropriate. If investors require more information on the means of transfer of their data or a copy of the relevant safeguards, please contact the Administrator, by email at [franklin.templeton@bnymellon.com](mailto:franklin.templeton@bnymellon.com), or by phone at +353 53 91 49999.

Pursuant to the Data Protection Legislation, investors have several rights which they may exercise in respect of their personal data, namely:

- the right of access to personal data held by the Company;
- the right to amend and rectify any inaccuracies in the personal data held by the Company;
- the right to erase the personal data held by the Company;
- the right to data portability of the personal data held by the Company; and
- the right to request restriction of the processing of the personal data held by the Company.

In addition, investors have the right to object to processing of personal data by the Company.

The above rights will be exercisable by investors subject to limitations as provided for in the Data Protection Legislation. Investors may make a request to the Company to exercise these rights by contacting the Administrator, by email at [franklin.templeton@bnymellon.com](mailto:franklin.templeton@bnymellon.com), or by phone at +353 53 91 49999.

Please note that investors’ personal data will be retained by the Company for the duration of their investment and otherwise in accordance with the Company’s legal obligations including, but not limited to, the Company’s record retention policy.



The Company is a data controller within the meaning of the Data Protection Legislation and undertakes to hold any personal information provided by investors in confidence and in accordance with the Data Protection Legislation. Note that investors have the right to lodge a complaint with the Office of the Data Protection Commissioner if they believe that the processing of their data has been unlawful.

Additionally, by signing the application form, prospective investors acknowledge and accept that the Company and/or the Administrator, for purposes of FATCA compliance, may be required to disclose personal data relating to US Reportable Persons and, in certain cases, their Controlling US Persons and nonparticipating FFIs (as defined in FATCA) to the IRS.

## **CONTRACT NOTES AND CERTIFICATES**

Following settlement, a contract note will be sent to the relevant Shareholder confirming ownership of the number of Shares issued to that Shareholder. Although authorised to do so under the Articles of Association, the Company does not propose to issue share certificates or bearer certificates.

The Administrator shall be responsible for maintaining the Company's register of Shareholders in which all issues, conversion and transfers of Shares will be recorded. All Shares issued will be registered and the share register will be conclusive evidence of ownership. Shares may be issued in a single name or in up to four joint names. The register of Shareholders shall be open for inspection at the office of the Administrator during normal business hours.

On acceptance of their initial application, applicants will be allocated a shareholder number and this, together with the Shareholder's personal details, will be proof of identity. This shareholder number should be used for all future dealings by the Shareholder.

Any changes to the Shareholder's personal details or loss of shareholder number must be notified immediately to the Administrator in writing.

## **REDEMPTION PROCEDURES**

Shareholders may place orders to redeem Shares up to the relevant Valuation Point on each Dealing Day with the Administrator or with Dealers. Redemption orders received by the Administrator or a Dealer, as applicable, by the relevant Valuation Point on a Dealing Day shall be dealt with at the applicable NAV per Share next determined by the Administrator on such Dealing Day. Redemption orders received by the Administrator or a Dealer, as applicable, after the relevant Valuation Point on a Dealing Day shall be dealt with at the applicable NAV per Share determined by the Administrator on the next succeeding Dealing Day. Certain Dealers may impose a deadline for receipt of orders that is earlier than the relevant Valuation Point. The Company will be required to deduct tax on redemption monies at the applicable rate unless it has received from the Shareholder a declaration in the prescribed form confirming that the Shareholder is not an Irish Resident in respect of whom it is necessary to deduct tax.

Orders may be placed by fax or in writing and must include the following information:

- (a) account number;
- (b) shareholder name;
- (c) redemption amount (base currency amount or shares);
- (d) shareholder signature; and
- (e) bank account details.

In the case of faxed redemption orders, no redemption proceeds will be paid until the original application form has been received from the investor and all of the necessary anti-money laundering checks have been completed. Notwithstanding the foregoing, redemption proceeds may be paid prior to the receipt of the original on the receipt of faxed instructions only where such payment is made into the account of record specified in the original application form submitted. Any amendments to a Shareholder's registration details and payment instructions can only be effected upon receipt of original documents.

Shareholders may redeem all or part of their shareholding, provided that if the request would reduce a shareholding below the minimum initial investment outlined above, such request may be treated as a request to redeem the entire shareholding unless the Company or the Administrator otherwise determines. Redemption orders received by the Administrator prior to the relevant Valuation Point on a Dealing Day will, if accepted, be dealt with at the redemption price calculated on that Dealing Day.

The Company, with the sanction of an ordinary resolution of the Shareholders, may transfer assets of the Company to a Shareholder in satisfaction of the redemption monies payable on the redemption of Shares, provided that, in the case of any redemption request in respect of Shares representing 5% or less of the share capital of the Company or the Fund or with the consent of the Shareholder making such redemption request, assets may be transferred without the sanction of an ordinary resolution provided that such distribution is not prejudicial to the interests of the remaining Shareholders. The allocation of such assets shall be subject to the approval of the Depositary. At the request of the Shareholder making such redemption request, such assets may be sold by the Company and the proceeds of sale shall be transmitted to the Shareholder.

If redemption requests on any Dealing Day exceed 10% of the Shares in issue in respect of any Fund, the Company may elect to restrict the total number of Shares redeemed on that Dealing Day to 10% of the outstanding Shares of the Fund, in which case all the relevant redemption requests shall be scaled down pro rata. The Company shall defer the excess redemption requests, and shall treat the deferred requests as if they were received for each subsequent Dealing Day (in relation to which the Company has the same power of deferral at the then prevailing limit) until all the Shares to which the original request related have been redeemed. In such cases, the Company may reduce requests pro rata on the next and following Dealing Days so as to give effect to the above limitation.

## CONTINGENT DEFERRED SALES CHARGES

### Class B Shares

A contingent deferred sales charge (“CDSC”) may be imposed on a redemption proceeds paid to a Shareholder that redeems Class B Shares within the first five years after the Shareholder’s purchase of such Class B Shares, if the redemption causes the NAV of the redeeming Shareholder’s Class B Share account for a Fund to fall below the amount of all the Shareholder’s payments for the purchases of Class B Shares (“Purchase Payments”) of such Fund made during the five years immediately preceding such redemption request. The amount of the CDSC that will be imposed on redemption on Class B Shares will depend upon the number of years since the Shareholder made the Purchase Payment from which an amount is being redeemed.

The table below shows the rates of the CDSC applicable with respect to a redemption of Class B Shares:

<b>Year since Purchase Payment was made</b>	<b>CDSC for Class B Shares</b>
First	5.0%
Second	4.0%
Third	3.0%
Fourth	2.0%
Fifth	1.0%
Sixth and thereafter	None

The CDSC on Class B Shares is calculated by multiplying the applicable CDSC percentage rate by the lower of the NAV of the Class B Shares at the time of purchase or at the time of redemption. Thus, a CDSC will not be imposed on appreciation in the NAV of Class B Shares above the Purchase Payments made during the five years immediately preceding the redemption request. Furthermore, a CDSC will not be imposed on purchases made through dividend reinvestments. For the purposes of calculating the CDSC, the Purchase Payment from which the redemption is made is assumed to be the earliest Purchase Payment from which a full redemption has not already been made.

Eight years after the date of settlement of the purchase of Class B Shares, such Class B Shares will convert automatically to Class A Shares based on the relative NAV per Share of each Share Class. Each such conversion will be to the corresponding Share Class – for example, Class B US\$ Distributing (A) Shares will convert to Class A US\$ Distributing (A) Shares. In addition, a certain percentage of Class B Shares that have been acquired by Shareholders through the reinvestment of dividends and distributions (“Class B Dividend Shares”), will also be converted into Class A Shares on the same date. That percentage will be equal to the ratio of the total number of Class B Shares in the relevant Fund being converted at that time to the total number of outstanding Class B Shares (other than Class B Dividend Shares) held by the relevant Shareholder.

Please see “Exchanges of Shares” below for details of the calculation of the CDSC on exchanged Shares that are subsequently redeemed.

### Class C Shares

A CDSC may also be imposed on redemption proceeds payable to a Shareholder that redeems Class C Shares of the Fund within the first year after the redeeming Shareholder’s purchase of such Class C Shares, if such redemption causes the NAV of the redeeming Shareholder’s Class C Share account for the Fund to fall below the amount of the Shareholder’s Purchase Payments made during one year immediately preceding such redemption request.

The table below shows the rates of the CDSC applicable with respect to a redemption of Class C Shares:

<b>Year since Purchase Payment was made</b>	<b>CDSC for Class C Shares</b>
First	1.0%
Second and thereafter	None

The CDSC on Class C Shares is calculated by multiplying the applicable CDSC percentage rate by the lower of the NAV of the Class C Shares at the time of purchase or at the time of redemption. Thus, a CDSC will not be imposed on appreciation in the NAV of Class C Shares above the Purchase Payments made during the first year immediately preceding the redemption request. Furthermore, a CDSC will not be imposed on purchases made through dividend reinvestments. For the purposes of calculating the CDSC, the Purchase Payment from which the redemption is made is assumed to be the earliest Purchase Payment from which a full redemption has not already been made.

Please see “Exchanges of Shares” below for details of the calculation of the CDSC on exchanged Shares that are subsequently redeemed.

#### Waivers of CDSCs

The Manager and each Distributor or relevant Dealer is authorised, but not obliged, to waive the payment of a CDSC on redemptions of Shares of any Share Class upon the death or disability of a Shareholder.

The Manager and each Distributor reserves the right to waive the CDSC under other circumstances as it deems appropriate.

### **MANDATORY REDEMPTION OF SHARES AND FORFEITURE OF DIVIDEND**

If a redemption by a Shareholder causes that Shareholder’s holding in the Company to fall below the currency equivalent of the initial minimum subscription amount for the relevant Share Class of a Fund, the Company may redeem the whole of that Shareholder’s holding in the Fund. Before doing so, the Company shall notify the Shareholder in writing and allow the Shareholder thirty days to purchase additional Shares to meet the minimum requirement. The Company reserves the right to vary this mandatory redemption amount.

Shareholders are required to notify the Administrator immediately if they become US Persons. Shareholders who become US Persons will be required to dispose of their Shares to non-US Persons on the next Dealing Day thereafter unless the Shares are held pursuant to an exemption which would allow them to hold the Shares and provided that such holding would not have adverse tax consequences for the Company. The Company reserves the right to redeem or require the transfer of any Shares which are or become owned, directly or indirectly, by a US Person or other person if the holding of the Shares by such other person is unlawful or, in the opinion of the Directors, the holding might result in the Company or the Shareholders incurring any liability to taxation or suffering pecuniary or material administrative disadvantage which the Company or the Shareholders might not otherwise suffer or incur.

The Articles of Association provide that any unclaimed dividends shall be forfeited automatically after six years from the date on which it first became payable and on forfeiture will form part of the assets of the Company.

### **TRANSFERS OF SHARES**

All transfers of Shares shall be effected by transfer in writing in any usual or common form and every form of transfer shall state the full name and address of the transferor and the transferee. The instrument of transfer of a Share shall be signed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the share register in respect thereof. The Directors may decline to register any transfer of Shares if in consequence of such transfer the transferor or transferee would hold less than the minimum initial investment outlined above or would otherwise infringe the restrictions on holding Shares outlined above. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year. The Directors may decline to register any transfer of Shares unless the instrument of transfer is deposited at the registered office of the Company or at such other place as the Directors may reasonably require together with such other evidence as the Directors may reasonably require to evidence the right of the transferor to make the transfer. The transferee will be required to complete an application form which includes a declaration that the proposed transferee is not a US Person. The Company will be required to account for tax on the value of the Shares transferred at the applicable rate unless it has received from the transferor a declaration in the prescribed form confirming that the Shareholder is not an Irish Resident in respect of whom it is necessary to deduct tax. The Company reserves the right to redeem such number of Shares held by a transferor as may be necessary to discharge the tax liability arising. The Company reserves the right to refuse to register a transfer of Shares until it receives a declaration as to the transferee’s residency or status in the form prescribed by the Revenue Commissioners.

### **EXCHANGES OF SHARES**

#### Limitations on Exchanges of Share Classes (non-Grandfathered Share Classes)

Subject to certain conditions described below, a Shareholder may exchange Shares of a certain Share Class of a Fund into a Share Class of the same or another fund on giving notice to the Administrator in such form as the Administrator may require, provided that the two Share Classes share the same letter designation and that the shareholding satisfies the minimum investment criteria. For example, Shareholders holding Class A Shares may exchange such Shares only for Class A Shares of a different type (such as Class A Shares having a different currency or distribution frequency) of the same or another Fund.

The period of ownership for purposes of calculating the CDSC payable on Class B or Class C Shares of another fund, if any, upon a redemption, shall be deemed to commence on the date the Shareholder acquired the Class B or Class C Shares in the initial Fund before the exchange.

Shareholders may also exchange Shares of a Fund (the “Original Fund”) for Shares of another Fund (the “Acquired Fund”) with the same or a different dealing deadline. Where the Funds have different dealing deadlines, if an exchange order is received prior to the dealing deadline for the Original Fund and the dealing deadline for the Acquired Fund for the relevant Dealing Day, then the exchange will be processed on that Dealing Day. If, however, the exchange order is received after the dealing deadline for the Original Fund and/or the Acquired Fund for the relevant Dealing Day, then the exchange order will be processed on the next day that is a Dealing Day for both the Original Fund and the Acquired Fund, and will be processed at the NAV on such subsequent Dealing Day.

Notwithstanding the above, the Distributors may permit, in their discretion, exchanges from one Share Class into another Share Class with a different letter designation. Prior approval of the Company is required prior to any exchange of Shares where either Share Class involved is denominated in BRL.

#### Limitations on Exchanges of Grandfathered Share Classes

Shareholders holding Shares of a Grandfathered Share Class in the Legg Mason Western Asset US Dollar Liquidity Fund may exchange such Shares only with Share Classes that share the same letter designation but with different distribution features on giving notice to the Administrator in such form as the Administrator may require. For example, Class GS US\$ Distributing (A) Shares may be exchanged for Class GS US\$ Distributing (S) Shares or Class GS US\$ Accumulating Shares of the Legg Mason Western Asset US Dollar Liquidity Fund.

#### Exchange Procedures

Orders to exchange Shares of one Fund into Shares of another fund or Shares of a different Share Class of the same Fund that are received by the Administrator or a Dealer by the relevant Valuation Point on a Dealing Day will be dealt with on such Dealing Day in accordance with the following formula:

$$NS = \frac{A \times B \times C}{E}$$

where:

<i>NS</i>	=	<i>the number of Shares which will be issued in the new fund;</i>
<i>A</i>	=	<i>the number of the Shares to be converted;</i>
<i>B</i>	=	<i>the redemption price of the Shares to be converted;</i>
<i>C</i>	=	<i>the currency conversion factor, if any, as determined by the Directors; and</i>
<i>E</i>	=	<i>the issue price of Shares in the new fund on the relevant Dealing Day.</i>

Certain Dealers may impose a deadline for orders that is earlier than the relevant Valuation Point. Orders to exchange Shares received by the Administrator or an authorised Dealer after the relevant Valuation Point shall be dealt with on the next succeeding Dealing Day in accordance with the above formula. If NS is not an integral number of Shares the Directors reserve the right to issue fractional Shares in the new Fund or to return the surplus arising to the Shareholder seeking to convert the Shares. It is not the intention of the Directors to charge a switching fee for the exchange Shares of one Fund for Shares of another fund or for Shares of a different Share Class of the same Fund. Certain Dealers, however, may charge a switching fee – please ask your Dealer whether it charges a switching fee.

#### CDSC Applicability

Following an exchange of Shares of the “Original Fund” for Shares of another fund, the Shares acquired shall be subject to the CDSC schedule of the Original Fund. In the event of any exchange by the Shareholder subsequent to the first exchange, the CDSC schedule applicable to the initial Fund for which the Shareholder subscribed shall remain applicable to its investment in such other fund.

#### **UMBRELLA CASH ACCOUNTS**

Cash accounts arrangements have been put in place in respect of the Company and the Funds as a consequence of the introduction of requirements relating to the subscription and/or redemption collection accounts pursuant to the Investor Money Regulations 2015. The following is a description of how such cash accounts arrangements operate. These cash accounts are not subject to the protections of the Investor Money Regulations and instead are subject to the guidance issued by the Central Bank from time to time in relation to umbrella cash accounts.

Subscription monies received from, and redemption monies due to, investors in the Funds and dividend monies due to Shareholders (together, “Investor Monies”) will be held in a single Umbrella Cash Account in respect of a particular currency. The assets in the Umbrella Cash Account are assets of the Company (for the relevant Fund).

If subscription monies are received by a Fund in advance of the issue of Shares (which occurs on the relevant Dealing Day), then such monies will be held in the Umbrella Cash Account and will be treated as an asset of the relevant Fund. The subscribing investors will be unsecured creditors of the relevant Fund with respect to their subscription monies until the Shares are issued to them on the relevant Dealing Day. The subscribing investors will be exposed to the credit risk of the institution at which the Umbrella Cash Account has been opened. Such investors will not benefit from any appreciation in the NAV of the Fund or any other Shareholder rights in respect of the subscription monies (including dividend entitlements) until such time as the Shares are issued on the relevant Dealing Day.

Redeeming investors will cease to be Shareholders of the redeemed Shares from the relevant Dealing Day. Redemption and dividend payments will, pending payment to the relevant investors, be held in the Umbrella Cash Account. Redeeming investors and investors entitled to dividend payments held in the Umbrella Cash Account will be unsecured creditors of the relevant Fund with respect to those monies. Where the redemption and dividend payments cannot be transferred to the relevant investors, for example, where the investors have failed to supply such information as is required to allow the Company to comply with its obligations under applicable anti-money laundering and counter terrorist legislation, the redemption and dividend payments will be retained in the Umbrella Cash Account, and investors should address the outstanding issues promptly. Redeeming investors will not benefit from any appreciation in the NAV of the Fund or any other Shareholder rights (including, without limitation, the entitlement to future dividends) in respect of such amounts.

For information on the risks associated with Umbrella Cash Accounts, see “Risks Associated with Umbrella Cash Accounts” in the “Risk Factors” section herein.

## **PUBLICATION OF THE PRICE OF THE SHARES**

Except where the determination of the NAV for a Fund has been suspended, in the circumstances described below, the NAV per Share of each of the Share Classes of the Funds shall be made available at the registered office of the Administrator on each Dealing Day and shall be published no later than the second Business Day immediately succeeding each Dealing Day. In addition, the NAV per Share of each Share Class of the Funds shall be published in respect of each Dealing Day on the following website: <https://www.franklinresources.com/all-sites>. Such published information shall relate to the NAV per Share for the Dealing Day and is published for informational purposes only. It is not an invitation to subscribe for, redeem or convert Shares at that NAV. The Company may accept subscriptions for the Funds in freely convertible currencies other than the currency in which the relevant Share Class is denominated, including, but not limited to, Pounds Sterling, Euro or US Dollars.

## **SETTLEMENT PROCEDURES**

Unless otherwise agreed with the Administrator, settlement for subscriptions for Shares of each Fund made by direct application by an investor to the Administrator or through a Dealer is due in immediately cleared funds within three Business Days after the relevant Dealing Day, except for the Legg Mason Western Asset US Dollar Liquidity Fund for which settlement is due on the same Dealing Day and Western Asset UCITS SMASH Series Core Plus Completion Fund which will be two Business Days. Payment is usually made in currency of the relevant Share Class (other than in the case of BRL denominated Share Class where settlement and dealing will normally be in US\$) by telegraphic transfer (quoting the subscription reference number, applicant's name and shareholder number, if available) as per the instructions provided on the Application Form. There will be no interest payable to Shareholders who make payment for subscriptions for Shares earlier than the deadline for such payment.

Investors are requested to instruct their bankers to advise the Administrator of the remittance of funds, such advice to include the subscription reference number, applicant's name, Shareholder number (if available) and the Fund for identification purposes. Failure to do so will cause delay in the processing of the transaction onto the register.

Settlement for redemptions will normally be made by telegraphic transfer to the bank account of the Shareholder as specified in the application form (at the Shareholder's risk) or as otherwise agreed in writing. Settlement for redemptions of Shares of each Fund will normally be made within three Business Days from receipt by the Administrator of correct redemption documentation, except for the Legg Mason Western Asset US Dollar Liquidity Fund for which settlement will be made one Business Day after receipt by the Administrator of correct redemption documentation and Western Asset UCITS SMASH Series Core Plus Completion Fund which will be two Business Days. The Directors in their sole discretion may delay remittance of redemption proceeds for up to fourteen days after the Dealing Day on which the redemption request is effective. The cost of such settlement by telegraphic transfer may be passed on to the Shareholder.

## **TEMPORARY SUSPENSION OF VALUATION OF THE SHARES AND SALES AND REDEMPTIONS**

The Company may temporarily suspend the determination of the NAV and the sale or redemption of Shares in a Fund during:

- (i) any period (other than ordinary holiday or customary weekend closings) when any market is closed which is the main market for a significant part of the Fund's investments, or when trading thereon is restricted or suspended;



- (ii) any period when any emergency exists as a result of which disposal by the Company of investments which constitute a substantial portion of the assets of the Fund is not practically feasible;
- (iii) any period when for any reason the prices of any investments of the Fund cannot be reasonably, promptly or accurately ascertained by the Fund;
- (iv) any period when remittance of monies which will, or may be, involved in the realisation of, or in the payment for, investments of the Fund cannot, in the opinion of the Directors, be carried out at normal rates of exchange; or
- (v) any period when proceeds of the sale or redemption of the Shares cannot be transmitted to or from the Fund's account.

The Company will notify any suspension to the Central Bank immediately within the same Business Day. If the suspension is likely to continue for more than fourteen days, the Company will inform the persons likely to be affected. The Company will take all reasonable steps to bring any suspension to an end as soon as practicable. The Company may elect to treat the first Business Day after a suspension as a substitute Dealing Day.

## **MANAGEMENT AND ADMINISTRATION**

### **THE BOARD OF DIRECTORS**

The Board of Directors is responsible for managing the business affairs of the Company in accordance with the Constitution. The Directors have delegated certain functions to the Manager, the Investment Managers, the Administrator and other parties, which may perform such delegated functions under the supervision and direction of the Directors.

The Directors and their principal occupations are set forth below. None of the Directors is an executive director. The address of the Directors is the registered office of the Company.

**JOSEPH CARRIER (US)** is a Director of each of the Franklin Templeton Irish Domiciled Funds. Mr. Carrier was previously the Senior Vice President, Enterprise Risk Management for Franklin Templeton Investments. Prior to joining Franklin Templeton, he was the Chief Risk Officer and Chief Audit Executive for Legg Mason, Inc. and served on the boards of directors of Martin Currie Investment Management Ltd (United Kingdom) and Legg Mason Investments Ireland Limited (Ireland). He joined Legg Mason after serving as Vice President and Division Head of Investment Operations at T. Rowe Price and Treasurer and Principal Financial Officer of the T. Rowe Price Mutual Funds. Before joining T. Rowe Price, he served as the Industry Chairman for Coopers & Lybrand's Investment Management practice in the United States. He has also served as Assistant Chief Accountant in the Division of Investment Management with the U.S. SEC.

Mr. Carrier was formerly a member of the board of directors of ICI Mutual Insurance Company; and immediate past chair of the Investment Company Institute's ("ICI") Risk Management Committee, and the past chair of the ICI's Accounting/Treasurer's Committee. He was also a former member of the Investment Companies Expert Panel of the AICPA, was a member of the AICPA's Investment Companies Committee from 1994-1997 and a contributing author to the Audit and Accounting Guide for Investment Companies.

Mr. Carrier is currently a member of the Board of Trustees for the TIAA-CREF Funds, serves on the board of the Cal Ripken, Sr. Foundation, and is an advisory Board Member, Loyola University Maryland Sellinger School of Business and Management - Management and International Business Program.

He is a graduate of Loyola University in Baltimore and a Certified Public Accountant.

**FIONNUALA DORIS (Irish)** is an Assistant Professor of Accounting in the School of Business in Maynooth University, Ireland. Prior to joining Maynooth University, Ms. Doris was Financial Controller and Company Secretary of Temple Bar Properties Ltd, Dublin from 1999 to 2001. She trained with PricewaterhouseCoopers, Dublin from 1993 to 1996 and worked as an Audit Manager in their Asset Management group until 1999 where she specialised in the audit of UCITS funds. Ms. Doris is also a Director of each of the Franklin Templeton Irish Domiciled Funds Boards. Ms. Doris holds a BA (Hons) in Economics from University College Dublin (1992), a Postgraduate Diploma in Accounting from Dublin City University (1993) and is a Fellow of the Institute of Chartered Accountants in Ireland.

**WILLIAM JACKSON (UK)** is Chief Administration Officer for Technology & Operations at Franklin Templeton ("FT"). Mr. Jackson is currently responsible for supporting the Head of Technology & Operations with Strategic Initiatives, Planning and Finance. Mr. Jackson is also responsible for FT's Lux Management Company, Franklin Templeton International Services S.à r.l. He is a director of a number of Franklin Templeton corporate and fund entities, including the Manager, and fund entities based in the UK, Ireland and Luxembourg. Mr Jackson joined Franklin Templeton in 1999 as Head of European Fund Accounting and progressed to Head of International Fund Accounting in 2002. From 2005 to 2008, he was Managing Director for Franklin Templeton International Services

in Luxembourg. From 2008 to 2011 he was responsible for International Fund Accounting, PMO and New Business Services. Between 2011 to 2013 Mr. Jackson was President of Franklin Templeton International Services based in Hyderabad. From 2013 – 2018 he was Senior Vice President of Franklin Templeton Services, the investment operations and fund administration division of Franklin Templeton.

Prior to joining Franklin Templeton, Mr Jackson spent nine years with Fleming Asset Management in Edinburgh and Luxembourg. Mr Jackson earned his degree in industrial chemistry from Paisley College and is a member of The Chartered Institute of Management Accountants.

**JOSEPH KEANE (Irish)** provides consultancy services to the mutual and hedge fund industry and acts as an independent director to fund companies. Mr. Keane is also a Director of each of the Franklin Templeton Irish Domiciled Funds Boards. From March 2004 through April 2007, he was Chief Financial Officer of the Vega Hedge Fund Group. In 2002, he founded CFO.IE, and he acted as its Chief Executive Officer through February 2004. He was Head of Operations for SEI Investments, Global Fund Services from 2000 to 2002 and prior to that Managing Director of ABN AMRO Trust Company (Cayman) in the Cayman Islands from 1995 to 2000. He is a Fellow of the Institute of Chartered Accountants in Ireland. Mr. Keane has thirty years' experience in investment funds' management and administration, banking and public accounting.

**JOSEPH LAROCQUE (US)** is the principal and owner of Lighthouse Advisors which provides US tax consultancy services to its clients in Baltimore, Maryland, USA. Mr. LaRocque is also a Director of each of the Franklin Templeton Irish Domiciled Funds. He is the Chairman of the Board and a former Managing Director in charge of Affiliate Strategic Initiatives at Legg Mason. Mr LaRocque also serves as a Director of other fund boards. Mr. LaRocque worked for Franklin Templeton from 2001 until July 2019. He is a Certified Public Accountant and from 1991 to 2001 was employed by PricewaterhouseCoopers in Boston, Massachusetts, Dublin, Ireland and Baltimore, Maryland in several capacities, most recently as a Senior Manager in their global financial services practice.

**JASPAL SAGGER (UK)** is the Head of Global Product Strategy and Development for Franklin Templeton having held a similar role at Legg Mason until it was acquired in August 2020. Jaspal works closely with Franklin Templeton's global investment teams and regional distribution teams to define the firms' global product strategy and deliver investment solutions for Franklin Templeton's clients.

Mr. Sagger joined Legg Mason in February 2014, as Head of International Product Strategy, and assumed the role of Global Head of Product Strategy and Development in January 2019.

Previously, Mr. Sagger was Head of Product, EMEA and Head of Product Strategy at HSBC Global Asset Management, and was a member of the HSBC Asset Management's European Executive Committee. He has a BA (Hons) in Business Studies and a Masters in International Banking and Finance from the London Metropolitan University.

**JANE TRUST (US)** is the Senior Vice President – Fund Board Management for Franklin Templeton.

Ms. Trust also manages and serves as a Director of each of the Franklin Templeton Irish Domiciled Funds. She also oversees governance structure and partners closely with internal groups, such as Legal and Accounting, on board areas of focus. Prior to joining Franklin Templeton, Jane was a Senior Managing Director at Legg Mason & Co., LLC. and President and CEO of the Legg Mason – Affiliated Funds.

Since 2019, Ms. Trust served as Legg Mason's Global Head of Product Management and had responsibility for U.S. Fund Board governance since 2015. From 2017 to 2019, she served as the Head of U.S. Product Management

Ms. Trust joined Legg Mason in 1987. From 2007 to 2014, Ms. Trust held various roles in Legg Mason companies, including senior investment roles within Legg Mason Capital Management ("LMCM"), which became part of ClearBridge Investments in March 2013, and Legg Mason Investment Counsel ("LMIC").

Ms. Trust was an Institutional Portfolio Manager for LMCM, managing accounts on behalf of sovereign wealth funds, pension plans, public funds and mutual funds. At LMIC, Ms. Trust was Head of Investments, supervising a team of equity and fixed income portfolio managers and overseeing the firm's trading desk.

Ms. Trust received an AB in Engineering Sciences from Dartmouth College and a Master of Administrative Science in Finance from The Johns Hopkins University. She is a CFA® charterholder having received the Chartered Financial Analyst (CFA) designation in 1991, and she is also a member of the CFA Institute and the Baltimore CFA Society.

The Company Secretary is Bradwell Limited having its registered office at Ten Earlsfort Terrace, Dublin 2, Ireland.

The Articles of Association do not stipulate a retirement age for Directors and do not provide for the retirement and re-election of Directors each year. The Articles of Association provide that a Director may be a party to any transaction or arrangement with the Company or in which the Company is interested provided that he has disclosed to the Directors the nature and extent of any material



interest which he may have. A Director may vote in respect of any proposal concerning any other company in which he is interested, directly or indirectly, whether as an officer or shareholder or otherwise, provided that he is not the holder of 5% or more of the issued shares of any class of such company or of the voting rights available to members of such company. A Director may also vote in respect of any proposal concerning an offer of shares in which he is interested as a participant in an underwriting or sub-underwriting arrangement and may also vote in respect of the giving of any security, guarantee or indemnity in respect of money lent by the Director to the Company or in respect of the giving of any security, guarantee or indemnity to a third party in respect of a debt obligation of the Company for which the Director has assumed responsibility in whole or in part.

The Articles of Association provide that the Directors may exercise all the powers of the Company to borrow money or to charge its undertaking, property or any part thereof and may delegate these powers to the Investment Manager.

## **THE MANAGER**

The Company has appointed Franklin Templeton International Services S.à r.l. (the “Manager”) to manage the Company pursuant to the Management Agreement as transferred to Franklin Templeton International Services S.à r.l. by operation of law following the merger of Legg Mason Investments (Ireland) Limited into Franklin Templeton International Services S.à r.l. The Manager is organised under the laws of Luxembourg and is authorised and regulated by the Commission de Surveillance du Secteur Financier. It is a part of Franklin Templeton Investments. Franklin Templeton Investments provides investment management and advisory services to a worldwide client base. The directors of the Manager are Craig Blair, Bérengère Blaszczyk, Paul Brady, Paul Collins, William Jackson, and Gwen Shaneyfelt. The biographies for Anita Connolly, Justin Eede and Penelope Kyle are set out below.

**CRAIG BLAIR** is a conducting officer and director of the Manager. Mr Blair joined Franklin Templeton in 2004 where he held a number of roles within the organisation in fund administration. Mr Blair holds an MBA from Manchester Business School, is a Member of the Chartered Institute of Management Accountants and holds a Law degree from Leicester University.

**BÉRENGÈRE BLASZCZYK** is Head of Distribution France-Benelux at Franklin Templeton, manager of the Belgium and Dutch branches of the Manager and Conducting Officer of Franklin Templeton France SA. Ms Blaszczyk joined Franklin Templeton in 2002 where she held a number of roles within the organisation, in marketing and communications, investor education, sales and sales support management. She started her career in asset management in 2000, after obtaining a BA in Business administration and international affairs from HEC Liège.

**JANE TRUST** is also a Director of the Company (see director biography above).

**ED VENNER** is distribution chief operating officer for Franklin Templeton, with responsibility for global product, marketing and other business functions such as data and analytics, technology and strategy. Prior to Franklin Templeton's acquisition of Legg Mason, Ed was COO for Global Distribution at Legg Mason having previously served as international chief financial officer and in other finance roles at the firm. Ed also spent a year as acting head of Global Distribution in 2017 and two years (2018-2019) as interim head of US Sales. Prior to joining Legg Mason, Ed trained as a chartered accountant with Ernst & Young in their London Asset Management Practice. He holds a Bachelor of Arts (with honours) in Economics from the University of Durham and was also conferred membership (ACA) of the Institute of Chartered Accounts of England & Wales ("ICAEW") in 1998 and subsequently a fellowship (FCA) of the ICAEW in 2011.

**MARTIN F. DOBBINS** is the Founder and CEO of Sage Advisory, s.à r.l., with over 30 years of international experience in the financial industry. He provides advisory services and directorships to some of the leading asset management, financial service and technology firms. He supports investment and start-up firms in strategy, acquisitions, regulatory framework, and corporate governance. He is a board member for investment funds, financials service and technology firms. He chairs a start-up firm utilizing block chain and AI for shareholder and distribution activities. Martin has had management assignments in Asia / Pacific, UK, Continental Europe and the U.S. He was the former European and Luxembourg CEO & Country Head for a U.S. Bank where he chaired the Luxembourg executive group. As a global systemically important institution he was the lead executive to the European Central Bank's Joint Supervisory team. He led the growth and development of its Luxembourg entity to be the leading Fund Administrator and was a key executive member in numerous global acquisitions

**WILLIAM JACKSON** is also a Director of the Fund (see director biography above).

**GWEN SHANEYFELT** is responsible for global corporate accounting, accounting policy, financial reporting, taxation and transfer pricing for Franklin Templeton Investments. Mrs. Shaneyfelt has devoted her career to the financial services industry and has spent more than 20 years in the investment management industry. From 2006 through 2011, she served as chairman of the ICI Tax and Advisor/Distributor Tax committees. Prior to joining Franklin Templeton, Mrs. Shaneyfelt was Executive Director of Tax at Morgan Stanley Investment Management where she was responsible for all corporate and fund tax matters for the Investment Management Division. In addition to Morgan Stanley, Mrs. Shaneyfelt's investment services career includes senior tax positions at Van Kampen Investments and KPMG Peat Marwick where she was Senior Tax Manager. Mrs. Shaneyfelt holds a BS in Accountancy from Northern Illinois University. She is an Illinois Certified Public Accountant in the State of Illinois.

The Management Agreement provides that the Manager shall be responsible for investment management, administration and distribution. The Manager will not be liable for any loss suffered by the Company or a Shareholder except a loss resulting from negligence, wilful misfeasance, bad faith or reckless disregard on the part of the Manager or any of its employees in the performance of its duties and obligations. The Manager will not be liable to the Company for losses arising from (i) the instructions or information provided by the Company, Depositary or any other agent of the Company to the Manager, or (ii) the acts or omissions of any other person that was not appointed as a delegate by the Manager. The Company agrees to indemnify the Manager and keep it indemnified from and against all liability, loss, damage or cost arising from the breach of the Management Agreement by the Company, except in the case of negligence, wilful misfeasance, bad faith or reckless disregard by the Manager of its duties. The appointment of the Manager shall continue in full force and effect unless and until terminated at any time by either party giving 90 days' written notice to the other party. Either party shall be entitled to terminate the Management Agreement immediately in the event of the insolvency of the other party, the inability of the other party to perform its obligations under applicable law, the material breach by the other party of the Management Agreement not cured within 30 days.

## **THE INVESTMENT MANAGERS AND SUB-INVESTMENT MANAGERS**

The Company, under the Management Agreement, authorises the Manager at its own costs and expenses to engage one or more investment managers to act as investment manager to the Funds, provided the appointments of such investment managers are in accordance with the requirements of the Central Bank Rules. Under the terms of the Management Agreement, the Manager, in such instances, shall remain responsible to the Company and the Funds for the performance of its obligations under the Management Agreement. The Manager, pursuant to its Management Agreement with the Company and in accordance with the requirements of the Central Bank, has appointed, and may appoint in the future, affiliated companies as investment managers to manage the Funds, including the Investment Managers identified below. Disclosure of any investment managers, other than those identified below, appointed by the Manager will be provided to Shareholders upon request and details thereof will be disclosed in the periodic reports to Shareholders. Under the Investment Management Agreements, each Investment Manager is authorised at its own costs and expenses to engage one or more sub-investment managers for the purposes of assisting it with carrying out its duties and responsibilities as investment manager, provided that the appointment of such other sub-investment managers is in accordance with the requirements of the Central Bank Rules. Under the terms of each Investment Management Agreement, the Investment Manager, in such instances, shall remain responsible to the Manager for the performance of its obligations under such agreements. Disclosure of any sub-investment managers appointed by the Investment Managers (and not otherwise disclosed below) will be provided to Shareholders upon request and details thereof will be disclosed in the periodic reports to Shareholders.

**CLEARBRIDGE INVESTMENTS (NORTH AMERICA) PTY LIMITED AND WESTERN ASSET MANAGEMENT COMPANY, LLC:** The Manager, pursuant to an amended and restated Investment Management Agreement dated 21 December 2022, appoints ClearBridge Investments (North America) Pty Limited and Western Asset Management Company, LLC to serve as Investment Managers of the FTGF Multi-Asset Infrastructure Income Fund. ClearBridge Investments (North America) Pty Limited is an Australian public company, limited by shares. ClearBridge Investments (North America) Pty Limited is part of Franklin Templeton Investments. Western Asset Management Company, LLC is part of Franklin Templeton Investments and is registered as an investment adviser in the United States with the SEC. Collectively, Western Asset (including Western Asset Management Company, LLC, Western Asset Management Company Limited and other affiliated Western Asset entities) has total assets under management of approximately US\$443.9 billion as of 31 March 2020.

**BRANDYWINE GLOBAL INVESTMENT MANAGEMENT, LLC:** The Manager, pursuant to an amended and restated Investment Management Agreement dated 21 December 2022, appoints Brandywine to serve as Investment Manager of the FTGF Brandywine Global – EM Macro Bond Fund and FTGF Brandywine Global – US High Yield Fund. Brandywine is organised under the laws of the State of Delaware, USA. It is part of Franklin Templeton Investments. Brandywine is registered as an investment adviser in the United States under the Advisers Act. Brandywine acts as investment adviser to institutional accounts, such as corporate pension plans, mutual funds and endowment funds, as well as individual investors. Brandywine had total assets under management of approximately US\$60.2 billion as of 31 March 2020.

**WESTERN ASSET MANAGEMENT COMPANY LIMITED:** The Manager, pursuant to an amended and restated Investment Management Agreement dated 21 December 2022, appoints Western Asset Management Company Limited (“Western Asset UK”) to serve as Investment Manager of Legg Mason Western Asset US Dollar Liquidity Fund and Western Asset UCITS SMASH Series Core Plus Completion Fund. Western Asset UK is part of Franklin Templeton Investments and is organised under the laws of England and Wales. Western Asset UK is registered as an investment adviser with the SEC under the 1940 Act and is authorised and regulated by the Financial Conduct Authority of the United Kingdom. Collectively, Western Asset (including Western Asset Management Company, LLC, Western Asset Management Company Limited and other affiliated Western Asset entities) has total assets under management of approximately US\$443.9 as of 31 March 2020.

Western Asset UK has appointed Western Asset Management, LLC to serve as Sub-Investment Manager of Legg Mason Western Asset US Dollar Liquidity Fund and Western Asset UCITS SMASH Series Core Plus Completion Fund under an amended and restated sub-investment management agreement dated 21 December 2022.

**FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED:** The Manager, pursuant to an amended and restated Investment Management Agreement dated 21 December 2022, appoints Franklin Templeton Investment Management Limited (“Franklin Templeton IM”) to serve as Investment Manager of Franklin Responsible Income 2028 Fund, Franklin Responsible Series 2 Fund and Franklin Responsible Series 3 Fund. Franklin Templeton IM is authorised and regulated by the Financial Conduct Authority (FCA). Franklin Templeton IM is registered as a Private Limited Company in England and Wales. It is part of Franklin Templeton Investments. Franklin Templeton IM acts as investment adviser to institutional accounts, such as corporate pension plans, mutual funds and endowment funds, as well as individual investors. Franklin Templeton IM had total assets under management of approximately US\$22.1 billion as of 30 September 2022.

**MARTIN CURRIE INVESTMENT MANAGEMENT LTD:** The Manager, pursuant to an amended and restated Investment Management Agreement dated 21 December 2022, appoints Martin Currie Investment Management Ltd to serve as the Investment Manager of FTGF Martin Currie European Unconstrained Fund. Martin Currie Investment Management Ltd is a part of Franklin Templeton Investments, organised under the laws of Scotland. Martin Currie Investment Management Ltd is authorised and regulated by the Financial Conduct Authority of the United Kingdom and is registered as an investment adviser with the SEC under the Advisers Act. As of 31 March 2020, Martin Currie Investment Management Limited had assets under management equal to approximately US\$6.7 billion.

## **THE ADMINISTRATOR**

The Company has appointed BNY Mellon Fund Services (Ireland) Designated Activity Company to act as administrator, registrar and transfer agent of the Company with responsibility for performing the day to day administration of the Company, including the calculation of the Net Asset Value and the Net Asset Value per Share of each Fund. The Administrator was incorporated as a private limited company in Ireland on 31st May 1994 and was subsequently converted to a designated activity company on 27th January 2016 under the Companies Act 2014 (as amended). The Administrator is engaged in the provision of fund administration, accounting, registration, transfer agency and related shareholders services to collective investment schemes and investment funds. The Administrator is authorised by the Central Bank under the Investment Intermediaries Act, 1995.

The Administration Agreement may be terminated by any party on ninety days’ notice in writing to the other parties at any time or may be terminated immediately by any party in the event of: (i) the another party going into liquidation or involuntary winding up or the appointment of an examiner or receiver to that party or on the happening of a like event whether at the direction of an appropriate regulatory agency or court of competent jurisdiction or otherwise; or (ii) another party failing to remedy a material breach of the Administration Agreement within thirty (30) days of being requested to do so; or (iii) another party being unable to pay its debts as they fall due or otherwise become insolvent or enter into any composition or arrangement with or for the benefit of its creditors or any class thereof; or (iv) where the other party is the Company or the Manager, the authorisation by the Central Bank of the Company or the Manager being revoked; or (v) another party being no longer permitted to perform its obligations under the Administration Agreement pursuant to applicable law.

The Administration Agreement provides that in the absence of negligence, wilful misfeasance, bad faith or fraud on the part of the Administrator, the Administrator will not be liable to the Company for any loss incurred by the Company in connection with the performance by the Administrator of its obligations and duties under the Administration Agreement and the Company agrees to indemnify the Administrator against any loss suffered by the Administrator in the performance of its obligations under the Administration Agreement save where such loss arises as a result of negligence, wilful misfeasance, bad faith or fraud on the part of the Administrator or from reckless disregard by the Administrator of its obligations under the Administration Agreement.

## **THE DEPOSITARY**

The Company has appointed The Bank of New York Mellon SA/NV, Dublin branch to act as Depositary of the Company’s assets pursuant to the Depositary Agreement.

The Depositary is a limited liability company established in Belgium on 30 September 2008. The principal activity of the Depositary is asset servicing, which is provided to both third party and to internal clients within The Bank of New York Mellon group. The Depositary is regulated and supervised as a significant credit institution by the European Central Bank (ECB) and the National Bank of Belgium (NBB) for prudential matters and under the supervision of the Belgian Financial Services and Markets Authority (FSMA) for conduct of business rules. It is regulated by the Central Bank of Ireland for conduct of business rules.

Both the Administrator and the Depositary are wholly-owned indirect subsidiaries of The Bank of New York Mellon Corporation. BNY Mellon is a global financial services company focused on helping clients manage and service their financial assets, operating in 35

countries and serving more than 100 markets. BNY Mellon is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. As at 31 December 2022, it had US\$44.3 trillion in assets under custody and administration and US\$1.8 trillion in assets under management.

The duty of the Depositary is to provide safekeeping, oversight and asset verification services in respect of the assets of the Company and each Fund in accordance with the provisions of the Central Bank Rules and the Directive. The Depositary will also provide cash monitoring services in respect of each Fund's cash flows and subscriptions.

The Depositary will be obliged, inter alia, to ensure that the sale, issue, repurchase and cancellation of Shares in the Company is carried out in accordance with the UCITS Regulations and the Articles of Association. The Depositary will carry out the instructions of the Company, unless they conflict with the UCITS Regulations or the Articles of Association. The Depositary is also obliged to enquire into the conduct of the Company in each financial year and report thereon to Shareholders.

The Depositary will be liable for loss of financial instruments held in custody or in the custody of any sub-custodian, unless it can prove that loss was not as a result of the Depositary's negligent or intentional failure to perform its obligations and 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 shall also be liable for all other losses suffered as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations under the UCITS Regulations.

The Depositary has power to delegate the whole or any part of its depositary functions, however, its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary has delegated certain of its safekeeping duties in respect of financial instruments in custody to The Bank of New York Mellon. The list of sub-delegates appointed by the Depositary or The Bank of New York Mellon is set out in Schedule VII hereto. The use of particular sub-delegates will depend on the markets in which the Company invests. No conflicts arise as a result of such delegation.

Up-to-date information regarding the duties of the Depositary, any conflicts of interest that may arise and the Depositary's delegation arrangements will be made available to investors by the Company on request.

The Depositary Agreement may be terminated by any party giving not less than ninety days' written notice to the other parties. The Company and the Manager may terminate the Depositary Agreement forthwith in the event that: (i) the Depositary shall go into liquidation (except voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Company which approval shall not be unreasonably withheld, delayed or conditioned) or being unable to pay its debts within the meaning of Section 570 of the Companies Act or in the event of the appointment of a receiver over any of the assets of the Company or if an examiner is appointed to the Company or if some event having an equivalent effect occurs; (ii) the Depositary fails to remedy a material breach of the Depositary Agreement within thirty (30) days of being requested to do so; or (iii) the Depositary is no longer authorised to act as a depositary to a fund authorised under the UCITS Regulations or otherwise under applicable law to carry out its functions pursuant to the Depositary Agreement. The Depositary shall continue in office until a successor is appointed. The Depositary's appointment shall not terminate until revocation of the Company's authorisation by the Central Bank.

## **THE SHAREHOLDER SERVICING AGENTS**

Under the terms of the Master Shareholder Servicing Agent Agreement, the Master Shareholder Servicing Agent is authorised at its own costs and expenses to engage one or more parties for the purpose of assisting it with carrying out its duties under the agreement, provided that the Master Shareholder Servicing Agent shall remain responsible to the Manager for the performance of its obligations under such agreement. Pursuant to this, the Master Shareholder Servicing Agent has appointed FTIA, Templeton Asset Management Ltd. and Franklin Templeton Securities Investment Consulting (SinoAm) Inc as Shareholder Servicing Agents of the Company. The Master Shareholder Servicing Agent is organised under the laws of the State of Delaware, USA and is registered with the SEC as a broker-dealer. Templeton Asset Management Ltd. is organised under the laws of Singapore and is regulated by the Monetary Authority of Singapore. Franklin Templeton Securities Investment Consulting (SinoAm) Inc is organised under the laws of the Republic of China (Taiwan). The Shareholder Servicing Agents are affiliated with each other because all are part of Franklin Templeton Investments. The terms relating to the appointment of each Shareholder Servicing Agent are set out in the Shareholder Servicing Agreements.

Under each Shareholder Servicing Agreement, the Shareholder Servicing Agent is responsible for providing various services to the Funds and their shareholders, including among other things: (1) maintaining adequate personnel and facilities in order to provide the services set forth in the Shareholder Servicing Agreement; (2) responding to shareholders' inquiries relating to their investment in Shares; (3) assisting shareholders with processing purchase, exchange and redemption requests, and forwarding such orders to the Administrator; (4) assisting shareholders with changing dividend options, account designations, and addresses; (5) making its books and records relating to the Funds available for audit and answering questions with respect to same; (6) consulting with the Funds regarding legal issues; (7) assisting the Administrator in monitoring and developing compliance procedures for the Funds which will include, among other matters, procedures to assist the Investment Manager in monitoring compliance with the policies described in the



Prospectus; (8) preparing and furnishing Shareholders with performance information (including yield and total return information); and (9) providing such other services as the Company may reasonably request from time to time, to the extent such services are permissible under applicable law.

Each Shareholder Servicing Agent will not be liable for any loss suffered by the Company, the Manager, the Funds, or a Shareholder except a loss resulting from negligence, wilful misfeasance, bad faith or reckless disregard on the part of the Shareholder Servicing Agent or any of its employees in the performance of its duties and obligations. The Company agrees to indemnify the Master Shareholder Servicing Agent and keep it indemnified from and against all liability, loss, damage or cost incurred by the Master Shareholder Servicing Agent, except in the case of negligence, wilful misfeasance, bad faith, or reckless disregard of the Master Shareholder Servicing Agent's duties. The appointment of each Shareholder Servicing Agent shall continue in full force and effect unless and until terminated at any time by either party giving ninety days written notice to the other party.

## THE DISTRIBUTORS

Under the terms of the Master Distribution Agreement, the Master Distributor is authorised to market, promote, offer and arrange for the sale and redemption of Shares of the Company (collectively, "distribution services"). In addition, the Master Distributor is authorised at its own costs and expenses to engage one or more distributors for the purpose of assisting it with carrying out its duties and responsibilities, provided the appointments of such other firms are made in accordance with the requirements of the Central Bank Rules. Under the terms of the Master Distribution Agreement, the Master Distributor in such instances shall remain responsible to the Manager for the performance of its obligations under such agreement. The Master Distributor in accordance with the requirements of the Central Bank, has appointed FTIA, Templeton Asset Management Ltd. and Franklin Templeton Securities Investment Consulting (SinoAm) Inc as additional Distributors of the Funds. The Manager has also appointed FT Luxembourg to provide distribution services.

The terms relating to the appointment of each of these firms as Distributors of the Funds are set forth in the Distribution Agreements. Under the Distribution Agreements, which are terminable by either party on ninety days' notice to the other party, the Distributors are responsible for marketing, promoting, offering and arranging for the sale and redemption of Shares of the Company subject to the terms and conditions of the Distribution Agreement and this Prospectus.

A Distributor may also enter into sub-distribution or dealer agreements with brokers, securities dealers and other intermediaries of its choice for the marketing, promotion, offer, sale and redemption of the Shares of the Company. The Distributors shall not be liable for any loss of the Company, the Funds, or a Shareholder except a loss resulting from negligence, wilful misfeasance, bad faith or reckless disregard on the part of the Distributors or any of their officers, directors, employees, or other controlling persons in the performance of the Distributors' duties and obligations under the Distribution Agreements. Except in the case of negligence, wilful misfeasance, bad faith, or reckless disregard in the performance of the Distributors' duties under the Distribution Agreements, the appointing party agrees to indemnify the relevant Distributor and keep it indemnified from and against all liability, loss, damage or cost (including the cost of investigating or defending against such claims, demands or liabilities and any counsel fees incurred in connection therewith) which the Distributor, their officers, directors or any such controlling person may incur, including any loss, liability, damage or cost arising out of or based upon any untrue statement of a material fact contained in this Prospectus or arising out of or based upon any alleged omission to state a material fact required to be stated in this Prospectus or necessary to make the statement in this Prospectus not misleading, except insofar as such claims, demands, liabilities or expenses arise out of or are based upon any such untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information furnished in writing by the Distributors to the Company for use in this Prospectus.

## TAXATION

**Shareholders and potential investors are advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling, converting, redeeming or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.**

The following statements on taxation are based on advice received by the Directors regarding the law and practice in force in Ireland at the date of this document. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time of an investment in the Company will endure indefinitely.

Dividends and interest and capital gains on securities issued in countries other than Ireland may be subject to taxes including withholding taxes imposed by such countries. The Company may not benefit from a reduction in the rate of withholding tax by virtue of the double taxation agreements in operation between Ireland and other countries. Consequently, the Company may not be able to reclaim withholding tax suffered by it in particular countries. If this position changes in the future and the application of a lower rate results in a repayment to the Company, the NAV will not be restated and the benefit will be allocated to the existing Shareholders rateably at the time of repayment.

## IRISH TAX CONSIDERATIONS

The following is a general summary of the main Irish tax considerations applicable to the Company and certain investors in the Company who are the beneficial owners of Shares in the Company. It does not purport to deal with all of the tax consequences applicable to the Company or to all categories of investors, some of whom may be subject to special rules. For instance, it does not address the tax position of Shareholders whose acquisition of Shares in the Company would be regarded as a shareholding in a Personal Portfolio Investment Undertaking (PPIU). The tax consequences of an investment in Shares of the Company will depend not only on the nature of the Company's operations and the then-applicable tax principles, but also on certain factual determinations which cannot be made at this time. Accordingly, its applicability will depend on the particular circumstances of each Shareholder. It does not constitute tax advice and Shareholders and potential investors are advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the Shares under the laws of Ireland and/or their country of incorporation, establishment, citizenship, residence or domicile, and in light of their particular circumstances.

The following statements on taxation are based on advice received by the Directors regarding the law and practice in force in Ireland at the date of this document. Legislative, administrative or judicial changes may modify the tax consequences described below and as is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made will endure indefinitely.

### Taxation of the Company

The Directors have been advised that, under current Irish law and practice, the Company qualifies as an investment undertaking for the purposes of Section 739B of the Taxes Consolidation Act, 1997, as amended ("TCA") so long as the Company is resident in Ireland. Accordingly, it is generally not chargeable to Irish tax on its income and gains.

An additional regime applies to Irish Real Estate Funds ("IREFs") which imposes a 20% withholding tax on an "IREF taxable event". This regime primarily targets non-Irish resident investors. On the basis that neither the Company nor any of its Funds holds or intends to hold Irish property assets, these provisions should not be relevant and are not discussed further herein.

### *Chargeable Event*

Although the Company is not chargeable to Irish tax on its income and gains, Irish tax (at rates ranging from 25% to 60%) can arise on the happening of a "chargeable event" in respect of the Company. A chargeable event includes any payments of distributions to Shareholders, any encashment, repurchase, redemption, cancellation or transfer of Shares and any deemed disposal of Shares arising as a result of holding Shares in the Company for a period of eight years or more. Where a chargeable event occurs, the Company is required to account for the Irish tax thereon.

No Irish tax will arise in respect of a chargeable event where:

- (a) the Shareholder is neither resident nor ordinarily resident in Ireland ("Non-Irish Resident") and it (or an intermediary acting on its behalf) has made the necessary declaration to that effect and the Company is not in possession of any information which would reasonably suggest that the information contained in the declaration is not, or is no longer, materially correct; or
- (b) the Shareholder is Non-Irish Resident and has confirmed that to the Company and the Company is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the necessary declaration of non-residence has been complied with in respect of the Shareholder and the approval has not been withdrawn; or
- (c) the Shareholder is an Exempt Irish Resident as defined below.

A reference to "intermediary" means an intermediary within the meaning of Section 739B(1) of the TCA, being a person who (a) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or (b) holds units in an investment undertaking on behalf of other persons.

In the absence of a signed and completed declaration or written notice of approval from the Revenue Commissioners, as applicable, being in the possession of the Company at the relevant time there is a presumption that the Shareholder is resident or ordinarily resident in Ireland ("Irish Resident") or is not an Exempt Irish Resident and a charge to tax arises.

A chargeable event does not include:-

- any transactions (which might otherwise be a chargeable event) in relation to Shares held in a recognised clearing system as designated by order of the Revenue Commissioners; or

- a transfer of Shares between spouses/civil partners and any transfer of Shares between spouses/civil partners or former spouses/civil partners on the occasion of judicial separation, decree of dissolution and/or divorce, as appropriate; or
- transactions in relation to relevant units (within the meaning of Section 739B(2A)(a) of the TCA) arising only by virtue of a change of funds manager for the Company; or
- an exchange by a Shareholder, effected by way of a bargain made at arm's length where no payment is made to the Shareholder, of Shares in the Company for other Shares in the Company; or
- an exchange by a Shareholder, effected by way of a bargain made at arm's length where no payment is made to the Shareholder, of Shares in a Fund for Shares in another Fund; or
- an exchange of Shares arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the TCA) of the Company with another investment undertaking.

If the Company becomes liable to account for tax on a chargeable event, the Company shall be entitled to deduct from the payment arising on that chargeable event an amount equal to the appropriate tax and/or, where applicable, to repurchase and cancel such number of Shares held by the Shareholder, as is required to meet the amount of tax. The relevant Shareholder shall indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax on the happening of a chargeable event.

#### *Irish Courts Service*

Where Shares are held by the Irish Courts Service, the Company is not required to account for Irish tax on a chargeable event in respect of those Shares. Rather, where money under the control or subject to the order of any Court is applied to acquire Shares in the Company, the Courts Service assumes, in respect of the Shares acquired, the responsibilities of the Company to, *inter alia*, account for tax in respect of chargeable events and file returns.

#### **Exempt Irish Resident Shareholders**

The Company will not be required to deduct tax in respect of the following categories of Irish Resident Shareholders, provided the Company has in its possession the necessary declarations from those persons (or an intermediary acting on their behalf) and the Company is not in possession of any information which would reasonably suggest that the information contained in the declarations is not, or is no longer, materially correct (each such Irish Resident Shareholder is referred to herein as an "Exempt Irish Resident"):

- a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the TCA, or a retirement annuity contract or a trust scheme to which Section 784 or Section 785 of the TCA, applies;
- a company carrying on life business within the meaning of Section 706 of the TCA;
- an investment undertaking within the meaning of Section 739B(1) of the TCA, or an investment limited partnership within the meaning of Section 739J of the TCA;
- a special investment scheme within the meaning of Section 737 of the TCA;
- a charity being a person referred to in Section 739D(6)(f)(i) of the TCA;
- a qualifying management company within the meaning of Section 739B(1) of the TCA or a specified company within the meaning of Section 734(1) of the TCA;
- a unit trust to which Section 731(5)(a) of the TCA applies;
- a person who is entitled to exemption from income tax and capital gains tax under Section 784A(2) of the TCA where the Shares held are assets of an approved retirement fund, an approved minimum retirement fund or a special savings incentive account;
- a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the TCA, and the Shares are assets of a PRSA;
- a credit union within the meaning of Section 2 of the Credit Union Act, 1997;



- (k) the National Asset Management Agency;
- (l) the National Treasury Management Agency or a Fund investment vehicle (within the meaning of section 37 of the National Treasury Management Agency (Amendment) Act 2014) of which the Minister for Finance of Ireland is the sole beneficial owner or Ireland acting through the National Treasury Management Agency;
- (m) the Motor Insurers' Bureau of Ireland in respect of an investment made by it of moneys paid to the Motor Insurers Insolvency Compensation Fund under the Insurance Act 1964 (as amended by the Insurance (Amendment) Act 2018);
- (n) a company within the charge to corporation tax in accordance with Section 110(2) of the TCA (securitisation companies);
- (n) in certain circumstances, a company within the charge to corporation tax in accordance with Section 739(G) (2) of the TCA in respect of payments made to it by the Company;
- (q) a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787AC of the TCA and the Shares held are assets of a PEPP (within the meaning of Chapter 2D of Part 30 of the TCA); or
- (o) any other person who is resident or ordinarily resident in Ireland who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Company or jeopardising the tax exemptions associated with the Company.

In general, there is no provision for any refund of tax to Shareholders who are Exempt Irish Residents where tax has been deducted in the absence of the necessary declaration.

### **Taxation of Non-Irish Resident Shareholders**

Non-Irish Resident Shareholders who (directly or through an intermediary) have made the necessary declaration of non-residence in Ireland, where required, are not liable to Irish tax on the income or gains arising to them from their investment in the Company and no tax will be deducted on distributions from the Company or payments by the Company in respect of an encashment, repurchase, redemption, cancellation or other disposal of their investment. Such Shareholders are generally not liable to Irish tax in respect of income or gains made from holding or disposing of Shares except where the Shares are attributable to an Irish branch or agency of such Shareholder.

Unless the Company is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the necessary declaration of non-residence has been complied with in respect of the Shareholder and the approval has not been withdrawn, if a non-resident Shareholder (or an intermediary acting on its behalf) fails to make the necessary declaration of non-residence, tax will be deducted as described above on the happening of a chargeable event and notwithstanding that the Shareholder is not resident or ordinarily resident in Ireland any such tax deducted will generally not be refundable.

Where a Non-Irish Resident company holds Shares in the Company which are attributable to an Irish branch or agency, it will be liable to Irish corporation tax in respect of income and capital distributions it receives from the Company under the self-assessment system.

### **Taxation of Irish Resident Shareholders**

#### *Deduction of Tax*

Tax will be deducted and remitted to the Revenue Commissioners by the Company from any distributions made by the Company to an Irish Resident Shareholder who is not an Exempt Irish Resident or from any gain arising on an encashment, repurchase, redemption, cancellation or other disposal of Shares by such a Shareholder at the rate of 41%. Any gain will be computed as the difference between the value of the Shareholder's investment in the Company at the date of the chargeable event and the original cost of the investment as calculated under special rules. Where the Shareholder is an Irish resident company and the Company is in possession of a relevant declaration from the Shareholder that it is a company and which includes the company's tax reference number, tax will be deducted by the Company from any distributions made by the Company to the Shareholder and from any gains arising on an encashment, repurchase, redemption, cancellation or other disposal of shares by the Shareholder at the rate of 25%.

#### *Deemed Disposals*

A deemed disposal of Shares will occur on each and every eighth anniversary of the acquisition of Shares in the Company by Irish Resident Shareholders who are not Exempt Irish Residents. The Company may elect not to account for Irish tax in respect of deemed disposals in certain circumstances. Where the total value of Shares held by Shareholders who are Irish Resident and who are not Exempt Irish Residents, is 10% or more of the Net Asset Value of a Fund, the Company may, and it is expected that the Company will, elect not

to account for tax on the deemed disposal. In this instance, the Company will notify relevant Shareholders that it has made such an election, and those Shareholders will be obligated to account for the tax arising under the self-assessment system themselves.

The deemed gain will be calculated as the difference between the value of the Shares held by the Shareholder on the relevant eighth year anniversary or, as described below where the Company so elects, the value of the Shares on the later of the 30 June or 31 December prior to the date of the deemed disposal and the relevant cost of those Shares. The excess arising will be taxable at the rate of 41% (or in the case of Irish resident corporate Shareholders where a relevant declaration has been made, at the rate of 25%). Tax paid on a deemed disposal should be creditable against the tax liability on an actual disposal of those Shares.

#### *Residual Irish Tax Liability*

Corporate Shareholders resident in Ireland which receive payments from which tax has been deducted will be treated as having received an annual payment chargeable to tax under Case IV of Schedule D (as set out in Section 18 of the TCA) from which tax at the rate of 25% (or 41% if no declaration has been made) has been deducted. Subject to the comments below concerning tax on a currency gain, in general, such Shareholders will not be subject to further Irish tax on payments received in respect of their holding from which tax has been deducted. A corporate Shareholder resident in Ireland which holds the Shares in connection with a trade will be taxable on any income or gains received from the Company as part of that trade with a set-off against corporation tax payable for any tax deducted from those payments by the Company. In practice, where tax at a rate higher than 25% has been deducted from payments to a corporate Shareholder resident in Ireland, a credit of the excess tax deducted over the higher corporation tax rate of 25% should be available.

Where a currency gain is made by a Shareholder on the disposal of Shares, the Shareholder will be liable to capital gains tax in respect of that gain in the year/s of assessment in which the Shares are disposed of.

Any Irish Resident Shareholder who is not an Exempt Irish Resident and who receives a distribution from which tax has not been deducted or who receives a gain on an encashment, repurchase, redemption, cancellation or other disposal from which tax has not been deducted, (for example, because the Shares are held in a recognised clearing system) will be liable to account for income tax or corporation tax as the case may be on the payment or on the amount of the gain under the self-assessment system and in particular, Part 41A of the TCA.

#### **Overseas Dividends**

Dividends (if any) and interest which the Company receives with respect to investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of the investments are located. It is not known whether the Company will be able to benefit from reduced rates of withholding tax under the provisions of the double tax treaties which Ireland has entered into with various countries.

However, if the Company receives any repayment of withholding tax suffered, the NAV of the relevant Fund will not be restated and the benefit of any repayment will be allocated to the then existing Shareholders rateably at the time of such repayment.

#### **Stamp Duty**

On the basis that the Company qualifies as an investment undertaking within the meaning of Section 739B of the TCA, generally, no stamp duty will be payable in Ireland on the issue, transfer, repurchase or redemption of Shares in the Company. However, where any subscription for or redemption of Shares is satisfied by an in-kind or in specie transfer of Irish securities or other Irish property, Irish stamp duty might arise on the transfer of such securities or properties.

No Irish stamp duty will be payable by the Company on the conveyance or transfer of stock or marketable securities of a company or other body corporate not registered in Ireland, provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property, or to any stocks or marketable securities of a company (other than a company which is an investment undertaking within the meaning of Section 739B of the TCA or a qualifying company within the meaning of Section 110 of the TCA) which is registered in Ireland.

#### **Residence**

In general, investors in the Company will be either individuals, corporate entities or trusts. Under Irish rules, both individuals and trusts may be resident or ordinarily resident. The concept of ordinary residence does not apply to corporate entities.

#### Individual Investors

##### *Test of Residence*

An individual will be regarded as resident in Ireland for a particular tax year if the individual is present in Ireland: (1) for a period of at least 183 days in any one tax year; or (2) for a period of at least 280 days in any two consecutive tax years, provided that the individual is resident in Ireland for at least 31 days in each tax year. In determining days present in Ireland, an individual is deemed to be present if he / she is present in the country at any time during the day.

If an individual is not resident in Ireland in a particular tax year the individual may, in certain circumstances, elect to be treated as resident.

#### *Test of Ordinary Residence*

If an individual has been resident for the three previous tax years then the individual will be deemed “ordinarily resident” from the start of the fourth year. An individual will remain ordinarily resident in Ireland until the individual has been non-resident for three consecutive tax years.

#### Trust Investors

A trust will generally be regarded as resident in Ireland where all of the trustees are resident in Ireland. Trustees are advised to seek specific tax advice if they are in doubt as to whether the trust is resident in Ireland.

#### Corporate Investors

A company will be resident in Ireland if: (i) its central management and control is in Ireland; or (ii) it is incorporated in Ireland except where the company is regarded as resident in a country other than Ireland and not resident in Ireland under a double taxation agreement between Ireland and that other country. For Ireland to be treated as the location of a company’s central management and control this typically means Ireland is the location where all fundamental policy decisions of the company are made.

### **Disposal of Shares and Irish Capital Acquisitions Tax**

#### (a) Persons Resident or Ordinarily Resident in Ireland

The disposal of Shares by means of a gift or inheritance made by a disponent resident or ordinarily resident in Ireland or received by a beneficiary resident or ordinarily resident in Ireland may give rise to a charge to Irish Capital Acquisitions Tax for the beneficiary of such a gift or inheritance with respect to those Shares.

#### (b) Persons Not Resident or Ordinarily Resident in Ireland

On the basis that the Company qualifies as an investment undertaking within the meaning of Section 739B of the TCA, the disposal of Shares will not be within the charge to Irish Capital Acquisitions Tax provided that;

- the Shares are comprised in the gift or inheritance at the date of the gift or inheritance and at the valuation date;
- the donor is not domiciled or ordinarily resident in Ireland at the date of the disposition; and
- the beneficiary is not domiciled or ordinarily resident in Ireland at the date of the gift or inheritance.

### **Application of FATCA under the Irish IGA**

The governments of the United States and the Republic of Ireland have entered into the Irish IGA, which establishes a framework for cooperation and information sharing between the two countries and provides an alternative way for foreign (i.e. non-US) financial entities (“FFIs”), including the Company and the Funds, to comply with FATCA without having to enter into an FFI Agreement with the IRS. Pursuant to the Irish IGA, the Company is registered with the IRS as a Model 1 FFI (as defined under the FATCA regulations) and has been assigned a global intermediary identification number (“GIIN”). Under the terms of the Irish IGA, the Company will identify any US Reportable Accounts held by it and report certain information on such US Reportable Accounts to the Revenue Commissioners, which, in turn, will report such information to the IRS.

Each existing and prospective investor in the Funds is expected to be required to provide the Administrator (or a Dealer when Shares are purchased through and held by a Dealer) a completed and signed IRS Form W-8, W-9 or other withholding certificate acceptable to the Administrator (or Dealer, as appropriate), as well as any other information required by them to determine whether such Shareholder is a holder of a US Reportable Account or qualifies for an exemption under the FATCA regulations. If Shares are held in a nominee account by a non-FFI nominee for the benefit of their underlying beneficial owner, the underlying beneficial owner is an accountholder

under FATCA, and the information provided must pertain to the beneficial owner. In many cases, however, a nominee would be considered an FFI by reason of being a custodial institution.

Please note that the term “US Reportable Account” under FATCA applies to a wider range of investors than the term “US Person” under Regulation S of the 1933 Act. Please refer to the Definitions section of the Prospectus for definitions of both of these terms. Investors should consult their legal counsel or tax advisors regarding whether they fall under either of these definitions.

Dealers will be required to certify their compliance with FATCA by providing the Company with: (i) an appropriate IRS Form W-8, W-9 or other withholding certificate acceptable to the Funds duly executed by an authorized representative of such Dealer; (ii) its GIIN, if applicable; and (iii) any other information required by the Funds to confirm such compliance with FATCA. Failure by a Dealer to provide such information may lead to closure of their accounts by the Administrator and imposition of FATCA withholding on such accounts.

## **AUTOMATIC EXCHANGE OF INFORMATION**

Ireland has implemented the “Standard for Automatic Exchange of Financial Account Information”, also known as the Common Reporting Standard (“CRS”), into Irish law.

The CRS is a single global standard on Automatic Exchange of Information (“**AEOI**”) which was approved by the Council of the Organisation for Economic Cooperation and Development (“**OECD**”) in July 2014. It draws on earlier work of the OECD and the EU, global anti-money laundering standards and, in particular, the Model FATCA Intergovernmental Agreement. The CRS sets out details of the financial information to be exchanged, the financial institutions required to report, together with common due diligence standards to be followed by financial institutions.

Under the CRS, participating jurisdictions are required to exchange certain information held by financial institutions regarding their non-resident customers.

The Company is required to disclose the name, address, jurisdiction(s) of tax residence, date and place of birth, account reference number and tax identification number(s) of each reportable person in respect of a reportable account for CRS and information relating to each Shareholder’s investment (including but not limited to the value of and any payments in respect of the Shares) to the Revenue Commissioners who may in turn exchange this information with the tax authorities in territories who are participating jurisdictions for the purposes of the CRS. In order to comply with its obligations, the Company may require additional information and documentation from Shareholders.

The non-provision of information requested by the Company pursuant to CRS may result in mandatory redemption of Shares or other appropriate action taken by the Company. Shareholders refusing to provide the requisite information to the Company may also be reported to the Revenue Commissioners.

The above description is based in part on regulations and guidance from the OECD in relation to the CRS, all of which are subject to change.

Pursuant to information-sharing arrangements in place between Ireland and/or the European Union and certain third countries and/or dependant or associated territories of CRS-participating jurisdictions, to the extent that those countries or territories are not “Reportable Jurisdictions” under the CRS, the Administrator, or such other entity considered to be a paying agent for these purposes, may be obliged to collect certain information (including the tax status, identity and residency of the Shareholders) in order to satisfy the disclosure requirements under those arrangements and to disclose such information to the relevant tax authorities. Those tax authorities may in turn be obliged to provide the information disclosed to the tax authorities of other relevant jurisdictions.

Shareholders will be deemed by their subscription for Shares in a Fund to have authorised the automatic disclosure of such information by the Administrator, or other relevant person to the relevant tax authorities.

Each prospective investor should consult its own tax advisers on the requirements applicable to it under these arrangements.

## **INVESTMENT UNDERTAKING REPORTING**

Pursuant to Section 891C of the TCA and the Return of Values (Investment Undertakings) Regulations 2013, the Company is obliged to report certain details in relation to Shares held by investors to the Revenue Commissioners on an annual basis. The details to be reported include a Shareholder’s:

- name, address and date of birth if on record;
- the investment number associated with the Shareholder; and
- the value of Shares held by the Shareholder.

In respect of Shares acquired on or after 1 January 2014, the details to be reported also include the tax reference number of the Shareholder (being an Irish tax reference number or VAT registration number, or in the case of an individual, the individual's PPS number) or, in the absence of a tax reference number, a marker indicating that this was not provided. These details are not required to be reported in respect of Shareholders who are:

- Exempt Irish Residents (as defined above);
- Shareholders who are neither Irish Resident nor ordinarily resident in Ireland (provided the relevant declaration has been made); or
- Shareholders whose Shares are held in a recognised clearing system,

however, investors should note the section entitled “Automatic Exchange of Information” for information on additional investor information gathering and reporting requirements to which the Company is subject.

## **US FEDERAL TAX CONSIDERATIONS**

As with any investment, the tax consequences of an investment in Shares may be material to an analysis of an investment in the Company. Prospective investors investing in the Company should be aware of the tax consequences of such an investment before purchasing Shares. This Prospectus discusses certain US federal income tax consequences only generally and does not purport to deal with all of the US federal income tax consequences applicable to the Company or to all categories of investors, some of whom may be subject to special rules. In particular, because US Taxpayers (other than tax-exempt US Taxpayers) generally are not expected to subscribe for Shares, the discussion does not address the US federal tax consequences to taxable US Taxpayers of an investment in Shares. Such persons should consult their own tax advisors. The following discussion assumes that no US Taxpayer owns or will own directly or indirectly, or will be considered as owning by reason of certain tax law rules of constructive ownership, 10% or more of the total combined voting power of all Shares.

The Company does not, however, guarantee that will always be the case. Furthermore, the discussion assumes that the Company will not hold any interests (other than as a creditor) in any “United States real property holding corporations” as defined in the Code. Each prospective investor is urged to consult his or her tax advisor regarding the specific consequences of an investment in the Company under applicable US federal, state, local and foreign income tax laws as well as with respect to any specific gift, estate and inheritance tax issues.

As used herein, the term “US Holder” means a beneficial owner of Shares that is a US Taxpayer.

The following discussion assumes that the Company, including each Fund thereof, will be treated as a single entity for US federal income tax purposes. The law in this area is uncertain. Thus, it is possible that the IRS might take a contrary view, treating each Fund of the Company as a separate entity for US federal income tax purposes. There can be no assurance that the IRS would agree with the position taken by the Company.

### **Taxation of the Company**

The Company generally intends to conduct its affairs so that it will not be deemed to be engaged in trade or business in the United States and, therefore, none of its income will be treated as “effectively connected” with a US trade or business carried on by the Company. If none of the Company's income is effectively connected with a US trade or business carried on by the Company, certain categories of income (including dividends and certain types of interest income) derived by the Company from US sources will be subject to a US tax of 30%, which tax is generally withheld from such income. Certain other categories of income, generally including most forms of US source interest income (e.g. interest and original issue discount on portfolio debt obligations (which may include United States Government securities, original issue discount obligations having an original maturity of 183 days or less, and certificates of deposit), and capital gains (including those derived from options transactions), will not be subject to this 30% withholding tax. If, on the other hand, the Company derives income which is effectively connected with a US trade or business carried on by the Company, such income will be subject to US federal income tax at the rates applicable to US domestic corporations, and the Company would also be subject to a branch profits tax on earnings removed, or deemed removed, from the United States.

Notwithstanding the foregoing, Funds that directly own units in MLPs domiciled in the United States will be considered under the Code to be engaged in business in the United States because of the ownership of such units. As a consequence, they will be required to file US federal tax returns to report their share of the MLP's income, gain, loss or deduction and pay US federal income tax at regular rates on their share of the MLP's net earnings or gain. Moreover, under rules applicable to US publicly traded partnerships, the MLPs are expected to withhold at the highest applicable effective tax rate from cash distributions made quarterly to non-US unitholders like the Funds. In addition, because a non-US corporation that owns MLP units will be treated as engaged in a US trade or business, the Funds may be subject to the US branch profits tax under Section 884 of the Code at a rate of 30%, in addition to regular US federal income tax, on their share of the MLP's income and gain, as adjusted for changes in the Funds' “US net equity” which is effectively connected

with the conduct of a US trade or business. Additionally, the Funds will be subject to US federal income tax on gain from the sale or disposition of their MLP fund units. Under future guidance, a 10% withholding tax would also apply to the amount realised by a Fund from the disposition of MLP units. Any taxes so withheld would be creditable against the Fund's US federal income tax liability. The Funds investing in US MLPs may also be subject to special information reporting requirements under Section 6038C of the Code. State and local income taxes and return filing obligations may also apply.

Pursuant to FATCA, the Company (or each Fund thereof) will be subject to US federal withholding taxes (at a 30% rate) on payments of certain amounts made to such entity ("withholdable payments"), unless it complies (or is deemed compliant) with extensive reporting and withholding requirements. Withholdable payments generally include interest (including original issue discount), dividends, rents, annuities, and other fixed or determinable annual or periodical gains, profits or income, if such payments are derived from US sources. Income which is effectively connected with the conduct of a US trade or business is not, however, included in this definition. To avoid the withholding tax, unless deemed compliant, the Company (or each Fund thereof) will be required to enter into an agreement with the United States to identify and disclose identifying and financial information about each US Reportable Person (or foreign entity with substantial US ownership) which invests in the Company (or Fund), and to withhold tax (at a 30% rate) on withholdable payments and related payments made to any investor which fails to furnish information requested by the Company to satisfy its obligations (or those of its Funds) under the agreement. Pursuant to the Irish IGA, the Company (or each Fund) may be deemed compliant, and therefore not subject to the withholding tax, if it identifies and reports US Reportable Person information directly to the Irish government. Certain categories of US investors, generally including, but not limited to, tax-exempt investors, publicly traded corporations, banks, regulated investment companies, real estate investment trusts, common trust funds, brokers, dealers and middlemen, and state and federal governmental entities, are exempt from such reporting. Detailed guidance as to the mechanics and scope of this reporting and withholding regime is continuing to develop. There can be no assurance as to the timing or impact of any such guidance on future Company (or Fund) operations.

Shareholders will be required to provide certifications as to their US or non-US tax status, together with such additional tax information as the Company (or a Fund) or its agents may from time to time request. Failure to furnish requested information or (if applicable) satisfy its own FATCA obligations may subject a Shareholder to liability for any resulting US tax information reporting and/or mandatory redemption of such Shareholder's Shares, to the extent permitted by applicable law and provided that the Company is acting in good faith and on reasonable grounds. **Shareholders are advised to consult with their own tax advisors regarding the possible implications of FATCA on them and the Funds.**

## **Taxation of Shareholders**

The US tax consequences to Shareholders of distributions from the Company and of dispositions of Shares generally depends on the Shareholder's particular circumstances, including whether the Shareholder conducts a trade or business within the United States or is otherwise taxable as a US Taxpayer.

US Taxpayers may be required to furnish the Company with a properly executed IRS Form W-9; all other Shareholders may be required to furnish an appropriate, properly executed IRS Form W-8. Amounts paid to a US Taxpayer as dividends from the Company, or as gross proceeds from a redemption of Shares, generally may be reportable to the US Taxpayer and the IRS on an IRS Form 1099 (except as otherwise noted below). Failure to provide an appropriate and properly executed IRS Form W-8 (in the case of Shareholders who are not US Taxpayers) or IRS Form W-9 (for Shareholders who are US Taxpayers) when required may subject a Shareholder to backup withholding tax. Backup withholding is not an additional tax. Any amounts withheld may be credited against a Shareholder's US federal income tax liability. Shareholders will be required to provide such additional tax information as the Board of Directors may request from time to time.

US tax-exempt entities, corporations, non-US Taxpayers and certain other categories of Shareholders generally will not be subject to reporting on IRS Form 1099 or backup withholding, if applicable, provided that such Shareholders furnish the Company with an appropriate and properly executed IRS Form W-8 or IRS Form W-9, certifying as to their exempt status.

Passive Foreign Investment Company ("PFIC") Rules - In General. The Company is expected to be a PFIC within the meaning of Section 1297(a) of the Code. In addition, the Company may invest in other entities that are classified as PFICs. Thus, Shareholders may be treated as indirect shareholders of PFICs in which the Company invests. US Taxpayers are urged to consult their own tax advisors with respect to the application of the PFIC rules. The Company does not intend to provide US Shareholders with the information necessary to make an effective "qualified electing fund" ("QEF") election.

## **Taxation of US Tax-Exempt Shareholders**

PFIC Consequences - Tax-Exempt Organizations - Unrelated Business Taxable Income. Certain entities (including qualified pension and profit sharing plans, individual retirement accounts, 401(k) plans and Keogh plans ("Tax-Exempt entities")) generally are exempt from US federal income taxation except to the extent that they have unrelated business taxable income ("UBTI"). UBTI is income from a trade or business regularly carried on by a Tax-Exempt entity which is unrelated to the entity's exempt activities. Various types of

income, including dividends, interest and gains from the sale of property other than inventory and property held primarily for sale to customers, are excluded from UBTI, so long as the income is not derived from debt-financed property. Capital gains derived from a Tax-Exempt entity from the sale or exchange of Shares and any dividends received by a Tax-Exempt entity with respect to its Shares should be excluded from UBTI, provided that the Tax-Exempt entity has not incurred acquisition indebtedness in connection with the acquisition of such Shares.

Under current law, the PFIC rules apply to a Tax-Exempt entity that holds Shares only if a dividend from the Company would be subject to US federal income taxation in the hands of the Shareholder (as would be the case, for example, if the Shares were debt-financed property in the hands of the Tax-Exempt entity). It should be noted, however, that temporary and proposed regulations appear to treat individual retirement accounts and other tax-exempt trusts (but not qualified plans) differently than other Tax-Exempt entities by treating the beneficiaries of such trusts as PFIC shareholders and thereby subjecting such persons to the PFIC rules.

**Other Tax Considerations.** The foregoing discussion assumes, as stated above, that no US Taxpayer owns or will own directly or indirectly, or be considered as owning by application of certain tax law rules of constructive ownership, 10% or more of the total combined voting power or value of all Shares of the Company (any such US Taxpayer so holding such an interest is referred to herein as a “10% US Shareholder”). If more than 50% of the equity interests in the Company were owned by 10% US Shareholders, the Company would be a “controlled foreign corporation,” in which case a 10% US Shareholder could be required to include in income that amount of the Company’s “subpart F income” and “global intangible low-taxed income” to which the Shareholder would have been entitled had the Company currently distributed all of its earnings. (Under current law, such income inclusions generally would not be expected to be treated as UBTI, so long as not deemed to be attributable to insurance income earned by the Company.) Also, upon the sale or exchange of Shares, all or part of any resulting gain could be treated as ordinary income. Alternatively, if the IRS were to treat each Fund as a separate entity for US federal income tax purposes, the ten percent ownership determinations would be made on an individual Fund basis. Similar rules could apply with respect to shares of any other non-US corporations that are held by a Shareholder indirectly through the Company.

**Reporting Requirements.** US Taxpayers may be subject to additional US tax reporting requirements by reason of their ownership of Shares. For example, special reporting requirements may apply with respect to certain interests in, transfers to, and changes in ownership interest in, the Company and certain other foreign entities in which the Company may invest. A US Taxpayer also would be subject to additional reporting requirements in the event that it is deemed to be a 10% US Shareholder of a controlled foreign corporation by reason of its investment in the Company. Alternatively, the determination of “controlled foreign corporation” and determination of 10% US Shareholder status would be made on an individual Fund basis, if each Fund were to be treated as a separate entity for US federal income tax purposes. US Taxpayers should consult their own US tax advisors regarding any reporting responsibilities resulting from an investment in the Company, including the responsibility to file Form FinCEN Report 114 with the US Department of the Treasury.

**Tax Shelter Reporting.** Persons who participate in or act as material advisors with respect to certain “reportable transactions” must disclose required information concerning the transaction to the IRS. In addition, material advisors must maintain lists that identify such reportable transactions and their participants. Significant penalties apply to taxpayers who fail to disclose a reportable transaction. Although the Company is not intended to be a vehicle to shelter US federal income tax, and applicable regulations provide a number of relevant exceptions, there can be no assurance that the Company and certain of its Shareholders and material advisors will not, under any circumstance, be subject to these disclosure and list maintenance requirements.

**US State and Local Taxes.** In addition to the US federal income tax consequences described above, Shareholders should consider potential US state and local tax consequences of an investment in the Company. US state and local tax laws often differ from the US federal income tax laws. Shareholders and potential investors are urged to consult their own tax advisors with respect to the application of US state and local taxes, based on their particular circumstances.

## **CHINESE TAX CONSIDERATIONS**

- (a) Investment into China A-Shares via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (the “Stock Connects”)

### **China Income Tax (“CIT”)**

The Ministry of Finance (“MOF”), State Administration of Taxation (“SAT”) and China Securities Regulatory Commission (“CSRC”) jointly issued Circular Caishui [2014] No.81 (“Circular 81”) and Circular Caishui [2016] No.127 (“Circular 127”) in 2014 and 2016 respectively, which provided that capital gains derived by foreign investors (including the Funds) from China A-Shares traded through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect would be temporarily exempted from PRC CIT with effect from 17 November 2014 and 5 December 2016 respectively.

Foreign investors (including the Funds) investing in China A-Shares will be subject to China withholding tax (“WHT”) of 10% on dividends arising from the investments in China A-Shares. The A-shares issuers who distribute such dividends are obliged to withhold such WHT on behalf of the recipients.



### Value Added Tax (“VAT”)

On 24 March 2016, the MOF and SAT jointly released Caishui [2016] No. 36 (“Circular 36”), which provided that capital gains realised by the foreign investors investing in China A-Shares via the Stock Connects from the trading of China A-shares through the Shanghai-Hong Kong Stock Connect are exempted from Value Added Tax (“VAT”). Capital gains realised by the foreign investors investing in China A-Shares via the Stock Connects from the trading of A-shares through the Shenzhen-Hong Kong Stock Connect are also exempted from VAT pursuant to Circular 127.

Dividends derived from the investments in China A-Shares are not within the scope of China VAT.

### Stamp Duty (“SD”)

SD is levied on the execution or receipt in mainland China of certain documents, including contracts for the sale of China A-Shares traded on the mainland China stock exchanges. SD is imposed on the sale of the China-listed shares of mainland China companies at a rate of 0.1% of the sales consideration. The Funds will be subject to this tax on each disposal of the mainland China listed shares.

#### **(b) Indirect Investment into China A-Shares via Access Products**

Under current regulations in the PRC, foreign investors (such as a Fund) may invest in onshore PRC securities (i.e. China A-Shares), generally only through access products (such as structured notes) issued by a qualified foreign institutional investor (“QFII”) or a renminbi qualified foreign institutional investor (“RQFII”) (in this section referred to as the “relevant QFII”) and the Stock Connect Schemes. For China A-Shares invested via relevant QFII, since only the relevant QFII’s interests in China A-Shares are recognised under PRC laws, any tax liability would, if it arises, be payable by the relevant QFII, subject to further interpretations and rules that may be issued in the future.

However, please note that it is possible that under the terms of the purchase of an A-Share access product by a Fund, the A-Share access product may pass on any tax liability that they incur to the Fund. If this is the case, the Fund could be the ultimate party which bears the risks relating to any PRC taxes which are so levied by the relevant PRC tax authority on the investment in the PRC securities. For the China tax consideration on QFII/RQFII schemes, please refer to below.

#### **(c) Investment into China A-Share via QFII/RQFII**

##### **CIT**

According to Caishui [2014] No. 79, (“Notice No. 79”), WHT on capital gain attributable to QFII/RQII realized from 17 November 2014 onwards should be exempted if the A-Share access products issuers do not have an establishment or place in China or have an establishment in China but the income so derived in China is not effectively connected with such establishment.

Under current PRC tax laws and regulations, the relevant QFII (if without an establishment in China) is subject to WHT of 10% on dividends from China A-Shares unless exempt or reduced under current PRC tax laws and regulations or relevant tax treaties. The entity distributing such dividends is required to withhold such tax on behalf of the recipients.

##### **VAT**

According to Circular 36 and Caishui [2017] No. 70 (“Circular 70”), capital gains realized by the relevant QFII and RQFII derived from China A-Shares investments are exempted from VAT. Dividends are not within the scope of China VAT.

##### **SD**

SD is imposed on the sale of the China A-shares of mainland China companies at a rate of 0.1% of the sales consideration.

#### **(d) Investment into Chinese Bonds via China Inter-bank Bond Market (“CIBM”) or Bond Connect**

There is no specific rule governing taxes on capital gains derived by foreign investors from trading onshore PRC debt securities. Based on the current verbal interpretation of the State Administration of Taxation and the local PRC tax authorities, capital gains from the disposition of listed government and corporate bonds could be treated as non-PRC sourced income and therefore not subject to 10% PRC WHT. As a matter of practice, such 10% PRC WHT on capital gains realized by non-PRC tax resident enterprises from the trading of these securities has not been strictly enforced by the PRC tax authorities. However, such treatment is not explicitly clarified under the current PRC tax regulations. In case such gains are taxable for PRC WHT, tax exemption may be available under the double tax treaty between China and Ireland. Whether this tax treaty might apply to reduce or exempt from the Chinese taxes described above will

depend in part on future guidance from Chinese tax authorities with respect to the application of tax treaty benefits in situations where legal title to assets is held by an intermediary on behalf of the beneficial legal owners of such assets.

Pursuant to Circular 36, interest income and gains derived from the trading of securities in China would be subject to 6% VAT unless specifically exempted under the prevailing laws and regulations. Under Circular 36 and Circular 70, VAT exemption is available for the capital gains derived by foreign institutional investors from the trading of bonds through China bond market. If VAT is applicable, there are also other local surtaxes (including Urban Maintenance and Construction Tax, Education Surcharge and Local Education Surcharge, etc.) that could amount to as high as 12% of the VAT payable.

Interest received from government bonds issued by the in-charge Finance Bureau of the State Council and/or local governments bonds approved by the State Council would be exempted from PRC CIT and VAT under the PRC CIT Law and VAT Law and regulations.

Interest received from non-government bonds (including corporate bonds) issued by PRC tax resident enterprises should be subject to the above-mentioned 10% PRC WHT, 6% VAT and other local surtaxes (including Urban Maintenance and Construction Tax, Education Surcharge and Local Education Surcharge, etc.) that could amount to as high as 12% of the VAT payable. On 22 November 2018, the Ministry of Finance and SAT issued Caishui [2018] No. 108 which stipulates that foreign institutional investors are exempted from PRC WHT and VAT in respect of bond interest income received from 7 November 2018 to 6 November 2021 from investments in the China bond market.

(e) General

Various tax reform policies have been implemented by the mainland China government in recent years, and existing tax laws and regulations may be revised or amended in the future. There is a possibility that the current tax laws, regulations and practice in mainland China will be changed with retrospective effect in the future and any such change may have an adverse effect on the NAV of the relevant Funds. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any changes in tax policies may reduce the after-tax profits of the companies in mainland China in which a Fund invests, thereby reducing the income from, and/or value of the Fund's holdings in such companies. The above does not constitute tax advice and investors should consult their independent tax advisors regarding the possible tax implications with regard to their investments in the relevant Funds.

## **OTHER TAX CONSIDERATIONS**

The Company may from time to time purchase investments that will subject the Company to exchange controls or withholding taxes in various jurisdictions. If exchange controls or foreign withholding taxes are imposed with respect to any of the Company's investments, the effect generally reduces the income received by the Company on its investments.

## **GENERAL**

### **CONFLICTS OF INTEREST AND BEST EXECUTION**

The Manager has policies designed to ensure that in all transactions, a reasonable effort is made to avoid conflicts of interest, and when they cannot be avoided, that the Funds and their shareholders are fairly treated. The Investment Managers, the Sub-Investment Managers, the Directors, the Distributors, the Shareholder Servicing Agents, the Depositary and the Administrator may from time to time act as manager, investment manager, investment adviser, director, depositary, administrator, company secretary, securities lending agent, dealer, distributor or shareholder servicing agent in relation to, or be otherwise involved in, other funds established by parties other than the Company which have similar investment objectives to those of the Company and a Fund. The Investment Manager and the Sub-Investment Managers and their clients may hold Shares in the Funds. The Investment Manager or Sub-Investments Managers may also purchase or sell securities for one or more portfolios (including the Funds) on the same day that it executes an opposite transaction or holds an opposite position in the same or similar security for one or more of the other portfolios that it manages. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interests with the Company and the Funds. Each will, at all times, have regard in such event to its obligations to the Company and the Funds and will ensure that such conflicts are resolved fairly and to minimise any harm to the Funds. In addition, any of the foregoing may deal, as principal or agent, with the Company in respect of the assets of the Funds, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis and that such dealings are consistent with the best interests of Shareholders. Where a commission (including a rebated commission) is received by the Investment Manager or the Sub-Investment Manager by virtue of an investment by a Fund in the units or shares of another collective investment scheme, this commission must be paid into the Fund.

"Connected Person" means the Depositary and the delegates or sub-delegates of the Manager or the Depositary (excluding any non-group company sub-custodians appointed by the Depositary), and any associated or group company of the Manager, the Depositary, any delegate or sub-delegate.

The Manager is required to ensure that any transaction between the Company and a Connected Person is conducted at arm's length and is in the best interests of Shareholders.

The Company may enter into a transaction with a Connected Person if at least one of the conditions in the following paragraphs (a), (b) or (c) is complied with:

- (a) the value of the transaction is certified by either: (i) a person who has been approved by the Depositary as being independent and competent; or (ii) a person who has been approved by the Manager as being independent and competent in the case of transactions involving the Depositary;
- (b) the transaction is executed on best terms on an organised investment exchange in accordance with the rules of the relevant exchange; or
- (c) the transaction is executed on terms which the Depositary is or, in the case of a transaction involving the Depositary, the Manager is satisfied conformed to the requirement that transactions with Connected Persons be conducted at arm's length and in the best interests of Shareholders.

The Depositary or, in the case of a transaction involving the Depositary, the Manager, shall document how it complied with the requirements of (a), (b) or (c) above. Where transactions are conducted in accordance with (c) above, the Depositary or, in the case of a transaction involving the Depositary, the Manager, shall document its rationale for being satisfied that the transaction conformed to the requirement that transactions with Connected Persons be conducted at arm's length and in the best interests of Shareholders.

Conflicts of interest may arise as a result of transactions in FDI and efficient portfolio management techniques and instruments. For example, the counterparties to, or agents, intermediaries or other entities which provide services in respect of, such transactions may be related to the Depositary. As a result, those entities may generate profits, fees or other income or avoid losses through such transactions. Furthermore, conflicts of interests may also arise where the collateral provided by such a counterparty is subject to a valuation or haircut applied by a party related to such counterparty.

A conflict of interest may arise where the competent person valuing unlisted securities owned or purchased by a Fund is the Manager, the Investment Manager, the Sub-Investment Manager or any other related party to the Company. For example, because the Investment Manager's and the Sub-Investment Manager's fees are calculated on the basis of a percentage of a Fund's average NAV, such fees increase as the NAV of the Fund increases. When valuing securities owned or purchased by a Fund, the Investment Manager (or any other related party to the Company) will, at all times, have regard to its obligations to the Company and the Fund and will ensure that such conflicts are resolved fairly.

The Manager, the Investment Manager, Sub-Investment Managers and/or their affiliates may invest, directly or indirectly, or manage or advise other investment funds or accounts, which invest in assets which may also be purchased or sold by the Company. Neither the Manager, the Investment Manager, the Sub-Investment Manager nor any of their affiliates are under any obligation to offer investment opportunities of which any of them becomes aware to the Company or to account to the Company in respect of (or share with the Company or inform the Company of) any such transaction or any benefit received by any of them from any such transaction, but will allocate any such opportunities on an equitable basis between the Company and other clients.

The Company has policies designed to ensure that its service providers act in the Funds' best interests when executing decisions to deal on behalf of those Funds in the context of managing the Funds' portfolios. For these purposes, all reasonable steps must be taken to obtain the best possible result for the Funds, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature, or any other consideration relevant to the execution of the order. Any cash rebates received from a broker or dealer in consideration of Fund brokerage transactions directed to that broker or dealer will not be retained by the Investment Manager, the Sub-Investment Manager or any of their connected persons. The Company will not bear the costs of external research obtained by the Investment Managers and Sub-Investment Managers. Such costs will be borne by the relevant Investment Manager or Sub-Investment Manager. Information about the Funds' execution policies is available to Shareholders at no charge upon request.

The Company and the Manager have entered into a currency administration agreement with the Currency Administrator, which is an affiliate of the Depositary and Administrator, pursuant to which the Manager, the Company or relevant Fund will instruct the Currency Administrator to enter into foreign exchange ("FX") transactions with the Company or relevant Fund based upon the Company's predetermined hedging parameters, as part of the non-discretionary, passive currency administration service. The purpose of this service will be (i) to hedge the exposure of the relevant Hedged Share Classes to changes in exchange rates between the Base Currency or the currencies of the Fund's investments and the currency of such Share Class; (ii) to convert currencies on subscriptions, redemptions, exchanges and distributions on all Share Classes denominated in a currency other than the relevant Fund's Base Currency; and (iii) for certain Funds (where provided for in its investment policies), to hedge the exposure of the Funds to various currencies, under the direction of the relevant Sub-Investment Manager. All FX transactions for this service will be executed by the Company or relevant Fund with the Currency Administrator as the principal and counterparty. The Currency Administrator is not acting as a fiduciary, advisor

or agent. FX transactions will typically be priced using rates provided by third party benchmark providers (i.e. WM rates provided by The World Markets Company plc), which are adjusted by a pre-agreed spread and also by quoted forward prices for FX transactions not designated for spot settlement, in accordance with the currency administration agreement. The benchmark rates will be utilized at a fixed time, predetermined by the Company. The Currency Administrator is entitled to a currency administration fee as described above under “Fees and Expenses”, which shall be borne exclusively by the relevant Share Class.

The Company and the Manager have entered into a collateral management agreement with the Collateral Manager, which is an affiliate of the Administrator and the Currency Administrator. The purpose of this service is to provide certain administrative and record-keeping functions (including valuation) in connection with the posting of collateral, by the Funds or their counterparties to the foreign currency exchange contracts through which the currency hedging for Hedged Share Classes is implemented. The Collateral Manager is entitled to a collateral management fee as described above under “Fees and Expenses”, which shall be borne exclusively by the relevant Hedged Share Classes.

## **THE SHARE CAPITAL**

The Company was incorporated with an initial share capital of €39,000 represented by 39,000 Subscriber Shares of no par value. As of the date of this Prospectus, all but three of the Subscriber Shares have been redeemed by the Company. Shareholders of these Subscriber Shares are entitled to attend and vote at all meetings of the Company, but are not entitled to participate in the dividends or net assets of any Fund or of the Company.

The share capital of the Company shall at all times equal the NAV. The Directors are generally and unconditionally authorised to exercise all the powers of the Company to issue shares in the Company and are empowered to issue up to five hundred billion Shares of no par value in the Company at the NAV per Share on such terms as they may think fit. There are no rights of pre-emption upon the issue of Shares in the Company.

Each of the Shares entitles the Shareholder to participate equally on a pro rata basis in the dividends and net assets of the fund in respect of which they are issued, save in the case of dividends declared prior to becoming a Shareholder.

The proceeds from the issue of Shares shall be applied in the books of the Company to the relevant fund and shall be used in the acquisition on behalf of the relevant fund of assets in which the fund may invest. The records and accounts of each fund shall be maintained separately.

Each of the Shares entitles the Shareholder to participate equally on a pro rata basis in the dividends and net assets of the Fund in respect of which they are issued, save in the case of dividends declared prior to becoming a Shareholder.

The proceeds from the issue of Shares shall be applied in the books of the Company to the relevant Fund and shall be used in the acquisition on behalf of the relevant Fund of assets in which the Fund may invest. The records and accounts of each fund shall be maintained separately.

Any resolution to alter the rights of the Shares requires the approval of three quarters of the holders of the Shares represented or present and voting at a general meeting duly convened in accordance with the Articles of Association.

The Articles of Association empower the Directors to issue fractional Shares in the Company. Fractional Shares may be issued to the nearest one thousandth of a Share and shall not carry any voting rights at general meetings of the Company or of any Fund and the NAV of any fractional Share shall be the NAV per Share adjusted in proportion to the fraction.

## **THE FUNDS AND SEGREGATION OF LIABILITY**

The Company is an umbrella fund with segregated liability between funds and each fund may comprise one or more Share Classes in the Company. The Directors may, from time to time, upon the prior approval of the Central Bank, establish further funds by the issue of one or more separate Share Classes on such terms as the Directors may resolve. The Directors may, from time to time, in accordance with the requirements of the Central Bank, establish one or more separate Share Classes within each fund on such terms as the Directors may resolve.

The assets and liabilities of each fund will be allocated in the following manner:

- (a) the proceeds from the issue of Shares representing a fund shall be applied in the books of the Company to the fund and the assets and liabilities and income and expenditure attributable thereto shall be applied to such fund subject to the provisions of the Memorandum and Articles of Association;

- (b) where any asset is derived from another asset, such derivative asset shall be applied in the books of the Company to the same fund as the assets from which it was derived and in each valuation of an asset, the increase or diminution in value shall be applied to the relevant fund;
- (c) where the Company incurs a liability which relates to any asset of a particular fund or to any action taken in connection with an asset of a particular fund, such a liability shall be allocated to the relevant fund, as the case may be; and
- (d) where an asset or a liability of the Company cannot be considered as being attributable to a particular fund, such asset or liability, subject to the approval of the Depositary, shall be allocated to all the funds pro rata to the NAV of each fund.

Any liability incurred on behalf of or attributable to any fund shall be discharged solely out of the assets of that fund, and neither the Company nor any Director, receiver, examiner, liquidator, provisional liquidator or other person shall apply, nor be obliged to apply, the assets of any such fund in satisfaction of any liability incurred on behalf of, or attributable to, any other fund.

There shall be implied in every contract, agreement, arrangement or transaction entered into by the Company the following terms, that:

- (i) the party or parties contracting with the Company shall not seek, whether in any proceedings or by any other means whatsoever or wheresoever, to have recourse to any assets of any fund in the discharge of all or any part of a liability which was not incurred on behalf of that fund;
- (ii) if any party contracting with the Company shall succeed by any means whatsoever or wheresoever in having recourse to any assets of any fund in the discharge of all or any part of a liability which was not incurred on behalf of that fund, that party shall be liable to the Company to pay a sum equal to the value of the benefit thereby obtained by it; and
- (iii) if any party contracting with the Company shall succeed in seizing or attaching by any means, or otherwise levying execution against, any assets of a fund in respect of a liability which was not incurred on behalf of that fund, that party shall hold those assets or the direct or indirect proceeds of the sale of such assets on trust for the Company and shall keep those assets or proceeds separate and identifiable as such trust property.

All sums recoverable by the Company shall be credited against any concurrent liability pursuant to the implied terms set out in (i) to (iii) above.

Any asset or sum recovered by the Company shall, after the deduction or payment of any costs of recovery, be applied so as to compensate the fund.

If assets attributable to a fund are taken in execution of a liability not attributable to that fund, and insofar as such assets or compensation in respect thereof cannot otherwise be restored to the fund affected, the Directors, with the consent of the Depositary, shall certify or cause to be certified, the value of the assets lost to the fund affected and transfer or pay from the assets of the fund or funds to which the liability was attributable, in priority to all other claims against such fund or funds, assets or sums sufficient to restore to the fund affected, the value of the assets or sums lost to it.

A fund is not a legal person separate from the Company but the Company may sue and be sued in respect of a particular fund and may exercise the same rights of set-off, if any, as between its funds as apply at law in respect of companies and the property of a fund is subject to orders of the court as it would have been if the fund were a separate legal person.

Separate records shall be maintained in respect of each fund.

## **REMUNERATION POLICY OF THE MANAGER**

The Manager has adopted a remuneration policy as required by the UCITS Regulations (the “Remuneration Policy”). The Remuneration Policy applies 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 Manager or the Company. The Manager ensures that the Investment Manager is subject to regulatory requirements on remuneration that are equally as effective as those applicable under EU directives, regulations and guidelines on remuneration (the “Remuneration Rules”) or that it has appropriate contractual arrangements with the Investment Manager to ensure that there is no circumvention of the Remuneration Rules. The Investment Manager will, in turn, ensure that any Sub-Investment Manager it delegates investment management functions to complies with the Remuneration Rules. In all cases, some of the remuneration requirements can be disappplied by Investment Manager and/or Sub-Investment Manager based on proportionality as permitted by the Remuneration Rules.

Further information on the current Remuneration Policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the compensation committee is available at <http://www.franklintempleton.lu>. A paper copy of this information is available free of charge upon request from the Manager.

## **MINIMUM VIABLE SIZE**

Each Fund must achieve a NAV of at least US\$20 million or such other amount as may be determined by the Directors and notify to Shareholders in the fund from time to time (the “Minimum Viable Size”) within 24 months of its launch. If a Fund does not reach the Minimum Viable Size within such period, or subsequently drops below such Minimum Viable Size following such period, then upon prior written notice the Company may redeem any Shares in issue in the Fund and return the redemption proceeds to Shareholders.

## **TERMINATION**

All of the Shares of a fund or of the Company may be redeemed by the Company in the following circumstances:

- (i) if a majority of the holders of the shares voting at a general meeting of the fund or the Company approve the redemption of the shares; or
- (ii) if so determined by the Directors provided that not less than twenty-one days’ written notice has been given to the holders of the Shares of the Company or the fund, as appropriate.

Where a redemption of Shares would result in the number of Shareholders falling below seven or such other minimum number stipulated by statute or where a redemption of Shares would result in the issued share capital of the Company falling below such minimum amount as the Company may be obliged to maintain pursuant to applicable law, the Company may defer the redemption of the minimum number of Shares sufficient to ensure compliance with applicable law. The redemption of such Shares will be deferred until the Company is wound up or until the Company procures the issue of sufficient Shares to ensure that the redemption can be effected. The Company shall be entitled to select the Shares for deferred redemption in such manner as it may deem to be fair and reasonable and as may be approved by the Depositary.

On a winding up or if all of the Shares in any fund are to be redeemed, the assets available for distribution (after satisfaction of creditors’ claims) shall be distributed pro rata to the holders of the Shares in proportion to the number of the Shares held in that fund. The balance of any assets of the Company then remaining not comprised in any of the other funds shall be apportioned as between the funds pro rata to the NAV of each fund immediately prior to any distribution to Shareholders and shall be distributed among the Shareholders of each fund pro rata to the number of Shares in that fund held by them. With the authority of an ordinary resolution of the Shareholders, the Company may make distributions in specie to Shareholders. The Company may arrange to sell the Shares on behalf of the Shareholder. However, the Company cannot guarantee that the amount received by the Shareholder will be the amount at which the Shares were valued when the distribution in specie was made. If all of the Shares are to be redeemed and it is proposed to transfer all or part of the assets of the Company to another company, the Company, with the sanction of a special resolution of Shareholders may exchange the assets of the Company for Shares or similar interests in the transferee company for distribution among Shareholders. The Subscriber Shares do not entitle the holders to participate in the dividends or net assets of any fund.

The assets available for distribution among the Shareholders shall be applied in the following priority:

- (i) first, in the payment to the Shareholders of each Share Class of each fund of a sum in the Base Currency in which that Share Class is denominated or in any other currency selected by the liquidator as nearly as possible equal (at a rate of exchange reasonably determined by the liquidator) to the NAV of the Shares of such Share Class held by such Shareholders respectively as at the date of commencement of the winding up provided that there are sufficient assets available in the relevant fund to enable such payment to be made. In the event that, as regards any Share Class, there are insufficient assets available in the relevant fund to enable such payment to be made, recourse shall be had to the assets of the Company not comprised within any of the funds;
- (ii) second, in the payment to the holders of the Subscriber Shares of sums up to the amount paid thereon (plus any interest accrued) out of the assets of the Company not comprised within any funds remaining after any recourse thereto under paragraph (i) above. If there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the funds;
- (iii) third, in the payment to the Shareholders of any balance then remaining in the relevant fund, such payment being made in proportion to the number of shares held; and



- (iv) fourth, in the payment to the Shareholders of any balance then remaining and not comprised within any of the funds, such payment being made in proportion to the value of each fund and within each fund to the value of each Share Class and in proportion to the NAV per Share.

## **MEETINGS**

All general meetings of the Company or of the Funds shall be held in Ireland. In each year the Company shall hold a general meeting as its annual general meeting. The quorum for general meetings shall be two persons present in person or by proxy, provided that, if there is only one Shareholder, the quorum shall be the one Shareholder present in person or by proxy at the meeting. The quorum at any adjourned meeting shall be one Shareholder present in person or by proxy and entitled to vote. Twenty-one days' notice (excluding the day of posting and the day of the meeting) shall be given in respect of each general meeting of the Company. The notice shall specify the venue and time of the meeting and the business to be transacted at the meeting. A proxy may attend on behalf of any Shareholder. An ordinary resolution is a resolution passed by a simple majority of votes cast and a special resolution is a resolution passed by a majority of 75% or more of the votes cast. The Articles of Association provide that matters may be determined by a meeting of Shareholders on a show of hands (with each Shareholder having one vote) unless a poll is requested by five Shareholders or by Shareholders holding 10% or more of the Shares or unless the Chairman of the meeting requests a poll. Each Share (including the Subscriber Shares) gives the holder one vote in relation to any matters relating to the Company, which are submitted to Shareholders for a vote by poll. Results of each annual general meeting will be available from the Distributors.

## **REPORTS**

The Company's financial year runs from 1 March to the last day of February in each year.

The Company's annual report and audited annual accounts are posted on <https://www.franklinresources.com/all-sites> and emailed to Shareholders within four months of the end of the financial year and at least 21 days before the annual general meeting. The half-yearly report, which includes the unaudited half-yearly accounts, is posted and circulated in the same way as the annual report within two months of 31 August in each year. Shareholders who have not provided their email address to the Company will be notified by mail when the annual report and audited annual accounts and half-yearly accounts have been posted on the website and can ask to receive paper copies free of charge.

These reports are also available at the registered office of the Company, and all Shareholders can request paper copies free of charge from the Company or the Distributors.

Additional information regarding the Funds may be available upon request on Business Days at the registered office of the Company.

## **COMPLAINTS**

Shareholders may file any complaints about the Company or a Fund free of charge at the registered office of the Company or the Manager. Information regarding the Company and the Manager's complaint procedures are available to Shareholders free of charge upon request.

## **MISCELLANEOUS**

- (i) The Company is not engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be pending or threatened by or against the Company.
- (ii) There are no service contracts in existence between the Company and any of its Directors, nor are any such contracts proposed.
- (iii) Mr. Carrier, Mr. Jackson, Ms. Trust and Mr. Sagger are directors and/or executives of certain of the Investment Managers, Distributors and Shareholder Servicing Agents and/or their affiliates. Mr. LaRocque was previously a director and/or executive of certain of the Investment Managers, Distributors and Shareholder Servicing Agents and their affiliates. Save as disclosed above, none of the Directors has any interest, direct or indirect, in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Company.
- (iv) At the date of this document, neither the Directors nor their spouses nor their infant children nor any connected party have any direct or indirect interest in the share capital of the Company or any options in respect of such capital.
- (v) No share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.
- (vi) Save as disclosed herein in the section entitled Fees and Expenses, no commissions, discounts, brokerage or other special terms have been granted by the Company in relation to Shares issued by the Company.
- (vii) The Company does not have, nor has it had since its incorporation, any employees or subsidiary companies.
- (viii) The Manager, Investment Manager, Distributors and Shareholder Servicing Agents may, in their discretion and upon request, pay rebates directly to Shareholders. Such rebates are paid from fees received by the Investment Manager, Distributors and Shareholder Servicing Agents and therefore do not represent an additional charge on the Funds' assets.



## **MATERIAL CONTRACTS**

The following contracts, details of which are set out in the section entitled “Management and Administration”, have been entered into and are, or may be, material:

- The Management Agreement.
- Each Investment Management Agreement.
- Each Sub-Investment Management Agreement.
- The Master Distribution Agreement.
- The Master Shareholder Servicing Agreement.
- The Depositary Agreement.
- The Administration Agreement.
- Such agreements as the Company may enter into from time to time with the prior approval of the Central Bank with paying agents or local representatives in countries or jurisdictions in which the Company intends to offer its Shares for sale.

## **SUPPLY AND INSPECTION OF DOCUMENTS**

The following documents are available for inspection free of charge, upon request, during normal business hours on weekdays (Saturdays, Sundays and public holidays excepted) at the registered office of the Administrator:

- (a) the certificate of incorporation and memorandum and articles of association of the Company;
- (b) the material contracts referred to above;
- (c) the UCITS Regulations and the Central Bank Rules; and
- (d) a list of past and current directorships and partnerships held by each Director over the last five years.

Copies of the memorandum and articles of association of the Company (each as amended from time to time) and the latest financial reports of the Company, as appropriate, may be obtained, free of charge, upon request at the registered office of the Administrator.

## SCHEDULE I

### A. INVESTMENT RESTRICTIONS APPLICABLE TO THE FUNDS UNDER THE UCITS REGULATIONS

#### *Permitted Investments*

1. Investments of each Fund are confined to:
  - 1.1 Transferable securities and money market instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
  - 1.2 Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
  - 1.3 Money market instruments, as defined in the Central Bank Rules, other than those dealt on a regulated market.
  - 1.4 Units of UCITS.
  - 1.5 Units of alternative investment funds.
  - 1.6 Deposits with credit institutions.
  - 1.7 Financial derivative instruments.

#### *Investment Restrictions*

2.
  - 2.1 Each Fund may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
  - 2.2 Recently Issued Transferable Securities

Subject to paragraph (2) a responsible person shall not invest any more than 10% of the net assets of a Fund in securities of the type to which Regulation 68(1)(d) of the UCITS Regulations apply.  
Paragraph (1) does not apply to an investment by a responsible person in US securities known as “Rule 144A securities” provided that:

    - (a) the relevant securities are issued with an undertaking to register the securities with the SEC within one year of issue; and
    - (b) the securities are not illiquid securities i.e. they may be realised by the Fund within 7 days at the price, or approximately at the price, at which they are valued by the Fund.
  - 2.3 Each Fund may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body, provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%. This limitation does not apply to deposits and over the counter derivative transactions made with financial institutions.
  - 2.4 The limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued 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 bond-holders. If a Fund invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the NAV of the Fund. It is not proposed to avail of this without the prior approval of the Central Bank.
  - 2.5 The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
  - 2.6 The transferable securities and money market instruments referred to in 2.4 and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
  - 2.7 Each Fund shall not invest more than 20% of net assets in deposits made with the same body. Cash booked in an account and held as ancillary liquidity shall not exceed: (a) 10% of the net assets of each Fund; or (b) where the cash is booked in an account with the Depositary, 20% of the net assets of each Fund.
  - 2.8 The risk exposure of each Fund to a counterparty to an OTC derivative may not exceed 5% of net assets.

This limit is raised to 10% in the case of credit institutions authorised in the EEA; credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; and credit institutions authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.
  - 2.9 Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:
    - investments in transferable securities or money market instruments;
    - deposits, and/or
    - risk exposures arising from OTC derivatives transactions.

- 2.10 The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.
- 2.11 Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.
- 2.12 Each Fund may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.

The individual issuers must be listed in the prospectus and may be drawn from the following list:

OECD Governments (provided the relevant issues are investment grade), European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, the World Bank, The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Export-Import Bank of the United States, Export-Import Bank of Korea, Export-Import Bank of China, Japan Bank for International Cooperation (successor to Export-Import Bank of Japan).

The Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.

### ***Investment in Collective Investment Schemes ("CIS")***

- 3.1 Each Fund may not invest more than 20% of net assets in any one CIS.
- 3.2 A Fund's investment in alternative investment funds may not, in aggregate, exceed 30% of net assets of the Fund.
- 3.3 The CIS are prohibited from investing more than 10% of net assets in other open-ended CIS.
- 3.4 When a Fund invests in the units of other CIS that are managed, directly or by delegation, by the Fund's management company or by any other company with which the Fund's management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the Fund's investment in the units of such other CIS.
- 3.5 Where by virtue of investment in the units of another investment fund, the Company, an investment manager or an investment advisor receives a commission on behalf of the Fund (including a rebated commission), the Fund shall ensure that the relevant commission is paid into the property of the Fund.

### ***Index Tracking UCITS***

- 4.1 Each Fund may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the Fund is to replicate an index which satisfies the criteria set out in the Central Bank Rules and is recognised by the Central Bank.
- 4.2 The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.

### ***General Provisions***

- 5.1 An investment company, Irish collective asset management vehicle ("ICAV") or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 5.2 Each 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 CIS;
  - (iv) 10% of the money market instruments of any single issuing body.

NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

- 5.3 5.1 and 5.2 shall not be applicable to:
- (i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
  - (ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;
  - (iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;
  - (iv) shares held by a Fund in the capital of a company incorporated in a non-member State which invests 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 Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.
  - (v) Shares held by an investment company or investment companies or ICAV or ICAVs in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unitholders' request exclusively on their behalf.
- 5.4 A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets.

- 5.5 The Central Bank may allow recently authorised funds to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
- 5.6 If the limits laid down herein are exceeded for reasons beyond the control of a Fund, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.
- 5.7 Neither an investment company, ICAV, nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:
- transferable securities;
  - money market instruments<sup>8</sup>;
  - units of investment funds; or
  - financial derivative instruments.
- 5.8 Each Fund may hold ancillary liquid assets.

***Financial Derivative Instruments (“FDIs”)***

- 6.1 Each Fund which employs the “commitment approach” to measure global exposure must ensure that the Fund’s global exposure relating to FDIs must not exceed its total NAV. Where a Fund employs the Value-at-Risk (“VaR”) method in measuring global exposure, that Fund must adhere to a limit on the absolute VaR of the Fund of 20% of the Fund’s NAV. In applying the VaR method, the following quantitative standards are used:
- the confidence level is 99%;
  - the holding period is 20 days; and
  - the historical observation period is longer than one year.
- 6.2 Position exposure to the underlying assets of FDIs, including embedded FDIs in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank Regulations/Central Bank Rules. (This provision does not apply in the case of index based FDIs provided the underlying index is one which meets with the criteria set out in the Central Bank Regulations/Central Bank Rules.)
- 6.3 Each Fund may invest in FDIs dealt in over-the-counter (OTC) provided that the counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
- 6.4 Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.

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<sup>8</sup> Any short selling of money market instruments by UCITS is prohibited.

## **B. PERMITTED BORROWINGS UNDER THE UCITS REGULATIONS**

Each Fund may not borrow money except as follows:-

- (a) the Fund may acquire foreign currency by means of a "back-to-back" loan. Foreign currency obtained in this manner is not classified as borrowing for the purposes of Regulation 103(1) of the Regulations, except to the extent that such foreign currency exceeds the value of a "back-to-back" deposit; and
- (b) the Fund may borrow:
  - (i) up to 10% of its NAV provided that such borrowing is on a temporary basis; and
  - (ii) up to 10% of its NAV provided that the borrowing is to make possible the acquisition of real property required for the purpose of its business; provided that such borrowing referred to in subparagraph b(i) and (ii) may not in total exceed 15% of the borrower's assets.

## SCHEDULE II

### THE REGULATED MARKETS:

With the exception of permitted investments in unlisted securities, investment will be restricted to only those stock exchanges or markets which meet with the regulatory criteria of the Central Bank (i.e. regulated, operating regularly and open to the public) and which are listed in the Prospectus. The Regulated Markets shall comprise:

Argentina	<ul style="list-style-type: none"><li>• Buenos Aires Stock Exchange</li><li>• Cordoba Stock Exchange</li><li>• La Plata Stock Exchange</li><li>• Mendoza Stock Exchange</li><li>• Rosario Stock Exchange</li></ul>
Australia	<ul style="list-style-type: none"><li>• Any stock exchange</li></ul>
Brazil	<ul style="list-style-type: none"><li>• Bolsa de Valores do Rio de Janeiro</li><li>• Sao Paulo Stock Exchange</li><li>• Bahia-Sergipe-Alagoas Stock Exchange</li><li>• Extremo Sul Stock Exchange, Porto Alegre</li><li>• Minas Esperito Santo Brasilia Stock Exchange</li><li>• Parana Stock Exchange, Curitiba</li><li>• Pernambuco e Paraiba Stock Exchange</li><li>• Regional Stock Exchange, Fortaleza</li><li>• Santos Stock Exchange</li></ul>
Canada	<ul style="list-style-type: none"><li>• Any stock exchange</li><li>• Over-the-counter market in Canadian Government bonds regulated by the Investment Dealers Association of Canada</li></ul>
Chile	<ul style="list-style-type: none"><li>• Santiago Stock Exchange</li></ul>
China	<ul style="list-style-type: none"><li>• China Interbank Bond Market</li><li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li><li>• Shenzhen Stock Exchange</li><li>• Shanghai Stock Exchange</li></ul>
Colombia	<ul style="list-style-type: none"><li>• Bogota Stock Exchange</li><li>• Medellin Stock Exchange</li></ul>
Egypt	<ul style="list-style-type: none"><li>• Cairo Stock Exchange</li><li>• Alexandria Stock Exchange</li></ul>
European Union	<ul style="list-style-type: none"><li>• Any stock exchange</li><li>• NASDAQ Europe</li></ul>
France	<ul style="list-style-type: none"><li>• French market for Titres Creance Negotiable (over-the-counter market in negotiable debt instruments)</li></ul>



Hong Kong	<ul style="list-style-type: none"> <li>• Stock Exchange of Hong Kong</li> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• OTC market conducted by primary dealers and secondary dealers regulated by the Hong Kong Securities and Futures Commission and by banking institutions regulated by the Hong Kong Monetary Authority</li> </ul>
India	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• Mumbai Stock Exchange</li> <li>• Bangalore Stock Exchange</li> <li>• Calcutta Stock Exchange</li> <li>• Delhi Stock Exchange Association</li> <li>• Gauhati Stock Exchange</li> <li>• Hyderabad Securities and Enterprises</li> <li>• Ludhiana Stock Exchange</li> <li>• Madras Stock Exchange</li> <li>• Pune Stock Exchange</li> <li>• Uttar Pradesh Stock Exchange Association</li> <li>• National Stock Exchange of India</li> <li>• Ahmedabad Stock Exchange</li> <li>• Cochin Stock Exchange</li> </ul>
Indonesia	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• Indonesian Parallel Stock Exchange</li> <li>• Indonesia Stock Exchange</li> </ul>
Israel	<ul style="list-style-type: none"> <li>• Tel Aviv Stock Exchange</li> </ul>
Japan	<ul style="list-style-type: none"> <li>• Any stock exchange</li> <li>• Over-the-counter market in Japan regulated by the Securities Dealers Association of Japan</li> </ul>
Jordan	<ul style="list-style-type: none"> <li>• Amman Stock Exchange</li> </ul>
Malaysia	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• OTC market conducted by primary dealers and secondary dealers regulated by the Securities Commission Malaysia and banking institutions which are regulated by Bank Negara Malaysia</li> <li>• Bursa Malaysia Berhad</li> </ul>
Mauritius	<ul style="list-style-type: none"> <li>• Stock Exchange of Mauritius</li> </ul>
Mexico	<ul style="list-style-type: none"> <li>• Mexican Stock Exchange</li> </ul>
Morocco	<ul style="list-style-type: none"> <li>• Casablanca Stock Exchange</li> </ul>
New Zealand	<ul style="list-style-type: none"> <li>• Any stock exchange</li> </ul>
Norway	<ul style="list-style-type: none"> <li>• Any stock exchange</li> </ul>
Peru	<ul style="list-style-type: none"> <li>• Lima Stock Exchange</li> </ul>
Philippines	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• Philippines Stock Exchange</li> </ul>
Pakistan	<ul style="list-style-type: none"> <li>• Karachi Stock Exchange</li> </ul>

	<ul style="list-style-type: none"> <li>• Lahore Stock Exchange</li> </ul>
Qatar	<ul style="list-style-type: none"> <li>• Qatar Stock Exchange</li> </ul>
Russia	<ul style="list-style-type: none"> <li>• Moscow Central Exchange (Subject to the approval of the Moscow Central Exchange as a Regulated Market by the Manager)</li> </ul>
Saudi Arabia	<ul style="list-style-type: none"> <li>• Saudi Stock Exchange (Tadawul)</li> </ul>
Singapore	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• Singapore Exchange Limited</li> </ul>
South Africa	<ul style="list-style-type: none"> <li>• Johannesburg Stock Exchange</li> </ul>
South Korea	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• OTC market regulated by the Korea Financial Investment Association</li> <li>• Korea Exchange</li> </ul>
Sri Lanka	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• Colombo Stock Exchange</li> </ul>
Switzerland	<ul style="list-style-type: none"> <li>• Any stock exchange</li> </ul>
Taiwan	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• Taiwan Stock Exchange</li> </ul>
Thailand	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• Stock Exchange of Thailand</li> <li>• Bond Electronic Exchange (Thailand)</li> </ul>
Turkey	<ul style="list-style-type: none"> <li>• Istanbul Stock Exchange</li> </ul>
United Arab Emirates	<ul style="list-style-type: none"> <li>• Abu Dhabi Securities Exchange</li> <li>• Dubai Financial Market</li> <li>• NASDAQ Dubai</li> </ul>
United Kingdom	<ul style="list-style-type: none"> <li>• Any stock exchange</li> <li>• Alternative Investment Market, regulated by the London Stock Exchange</li> </ul>
United States	<ul style="list-style-type: none"> <li>• Any stock exchange</li> <li>• NASDAQ</li> <li>• Market in US government securities which is conducted by primary dealers which are regulated by the Federal Reserve Bank of New York</li> <li>• OTC market conducted by primary dealers and secondary dealers which are regulated by the SEC and by the Financial Industry Regulatory Authority, and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation</li> <li>•</li> </ul>
Vietnam	<ul style="list-style-type: none"> <li>• Government securities markets (conducted by regulated primary dealers and secondary dealers)</li> <li>• Ho Chi Minh City Securities Trading Center</li> <li>• Securities Trading Center (Hanoi)</li> </ul>
Other	<ul style="list-style-type: none"> <li>• Market organised by the International Capital Market Association</li> <li>• Market conducted by listed money market institutions as described in the Financial Services Authority publication entitled "The Regulation of Wholesale Cash and OTC Derivative Markets: 'The Grey Paper'" dated April 1988</li> </ul>

## REGULATED MARKETS FOR FINANCIAL DERIVATIVE INSTRUMENTS (“FDI”) INVESTMENTS:

Australia	<ul style="list-style-type: none"> <li>• Australian Stock Exchange</li> <li>• Sydney Futures Exchange</li> </ul>
Canada	<ul style="list-style-type: none"> <li>• OTC market in Canadian Government Bonds regulated by the Investment Dealers Association of Canada</li> <li>• Montreal Stock Exchange</li> <li>• Toronto Futures Exchange</li> </ul>
European Union	<ul style="list-style-type: none"> <li>• Any stock exchange (European Union or European Economic Area)</li> <li>• European Options Exchange</li> <li>• Euronext.life</li> </ul>
France	<ul style="list-style-type: none"> <li>• French market for Titres Creance Negotiable (over-the-counter market in negotiable debt instruments)</li> </ul>
Hong Kong	<ul style="list-style-type: none"> <li>• Hong Kong Futures Exchange</li> </ul>
India	<ul style="list-style-type: none"> <li>• National Stock Exchange of India</li> </ul>
Japan	<ul style="list-style-type: none"> <li>• OTC market in Japan regulated by the Securities Dealers Association of Japan</li> <li>• Osaka Securities Exchange</li> <li>• Tokyo Stock Exchange</li> </ul>
Malaysia	<ul style="list-style-type: none"> <li>• Bursa Malaysia Derivatives Berhad</li> </ul>
Mexico	<ul style="list-style-type: none"> <li>• Bolsa Mexicana de Valores</li> </ul>
Netherlands	<ul style="list-style-type: none"> <li>• Financiele Termijnmarkt Amsterdam</li> </ul>
New Zealand	<ul style="list-style-type: none"> <li>• New Zealand Futures and Options Exchange</li> </ul>
Singapore	<ul style="list-style-type: none"> <li>• Singapore Exchange Derivatives Trading Limited</li> </ul>
South Africa	<ul style="list-style-type: none"> <li>• South Africa Futures Exchange</li> </ul>
South Korea	<ul style="list-style-type: none"> <li>• Korea Exchange</li> </ul>
Thailand	<ul style="list-style-type: none"> <li>• Thailand Futures Exchange</li> </ul>
United Kingdom	<ul style="list-style-type: none"> <li>• Any stock exchange</li> <li>• Alternative Investment Market, regulated by the London Stock Exchange</li> <li>• Financial Futures and Options Exchange</li> <li>• OMLX The London Securities and Derivatives Exchange Ltd.</li> </ul>
United States	<ul style="list-style-type: none"> <li>• OTC market in the US conducted by primary and secondary dealers regulated by the Securities and Exchange Commission and by the National Association of Securities Dealers, Inc. and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation</li> <li>• American Stock Exchange</li> <li>• Chicago Board of Trade</li> <li>• Chicago Board of Exchange</li> <li>• Chicago Board Options Exchange</li> <li>• Chicago Mercantile Exchange</li> <li>• Chicago Stock Exchange</li> <li>• Kansas City Board of Trade</li> </ul>

- New York Futures Exchange
  - New York Mercantile Exchange
  - New York Stock Exchange
  - NASDAQ
  - NASDAQ OMX Futures Exchange
  - NASDAQ OMX PHLX
- Other
- Market conducted by listed money market institutions as described in the Financial Services Authority publication entitled “The Regulation of the Wholesale Cash and OTC Derivatives Markets”: “The Grey Paper” (as amended or revised from time to time)
  - International Capital Market Association

These exchanges are listed in accordance with the requirements of the Central Bank which does not issue a list of approved exchanges.

## SCHEDULE III

### RATINGS OF SECURITIES

#### DESCRIPTION OF MOODY'S INVESTORS SERVICE, INC. ("MOODY'S") LONG-TERM DEBT RATINGS

**Aaa:** Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.

**Aa:** Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

**A:** Obligations rated A are considered upper-medium grade and are subject to low credit risk.

**Baa:** Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.

**Ba:** Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.

**B:** Obligations rated B are considered speculative and are subject to high credit risk.

**Caa:** Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.

**Ca:** Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

**C:** Obligations rated C are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest. Note: Moody's applies numerical modifiers 1, 2, and 3 in each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

#### DESCRIPTION OF STANDARD & POOR'S ("S&P") LONG-TERM ISSUE CREDIT RATINGS

**AAA:** An obligation rated AAA has the highest rating assigned by S&P. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

**AA:** An obligation rated AA differs from the highest rated obligations only in small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

**A:** An obligation rated A is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

**BBB:** An obligation rated BBB exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. Obligations rated BB, B, CCC, CC, and C are regarded as having significant speculative characteristics. BB indicates the least degree of speculation and C the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

**BB:** An obligation rated BB is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

**B:** An obligation rated B is more vulnerable to nonpayment than obligations rated BB, but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

**CCC:** An obligation rated CCC is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

**CC:** An obligation rated CC is currently highly vulnerable to nonpayment. The "CC" rating is used when a default has not yet occurred, but S&P expects default to be a virtual certainty, regardless of the anticipated time to default.

**C:** An obligation rated “C” is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared to obligations that are rated higher.

**D:** An obligation rated “D” is in payment default. For non-hybrid capital instruments, the “D” rating category is used when payments on an obligation are not made on the date due, unless S&P believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to “D” if it is subject to a distressed exchange offer.

**Plus (+) or minus (-):** The ratings from AA to CCC may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

**N.R.:** This indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that S&P does not rate a particular obligation as a matter of policy.

## DESCRIPTION OF FITCH INTERNATIONAL LONG-TERM CREDIT RATINGS

**AAA:** Highest credit quality. Denotes the lowest expectation of default risk. Assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

**AA:** Very high credit quality. Denotes expectations of very low default risk. Indicates very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

**A:** High credit quality. Denotes expectations of low default risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

**BBB:** Good credit quality. Indicates that expectations of default risk are currently low. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity. This is the lowest investment-grade category.

**BB:** Speculative. Indicates an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists that supports the servicing of financial commitments. Securities rated in this category are not investment grade.

**B:** Highly speculative. Indicates that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

**CCC:** Substantial credit risk. Default is a real possibility.

**CC:** Very high levels of credit risk. Default of some kind appears probable.

**C:** A default or default-like process has begun, or the issuer is in standstill, or for a closed funding vehicle, payment capacity is irrevocably impaired. Conditions that are indicative of a ‘C’ category rating for an issuer include:

- a. the issuer has entered into a grace or cure period following non-payment of a material financial obligation;
- b. the issuer has entered into a temporary negotiated waiver or standstill agreement following a payment default on a material financial obligation;
- c. the formal announcement by the issuer or their agent of a distressed debt exchange;
- d. a closed financing vehicle where payment capacity is irrevocably impaired such that it is not expected to pay interest and/or principal in full during the life of the transaction, but where no payment default is imminent.

**RD:** Restricted default.

‘RD’ ratings indicate an issuer that in Fitch’s opinion has experienced:

- a. an uncured payment default or distressed debt exchange on a bond, loan or other material financial obligation, but
- b. has not entered into bankruptcy filings, administration, receivership, liquidation, or other formal winding-up procedure, and
- c. has not otherwise ceased operating.

This would include:

- i. the selective payment default on a specific class or currency of debt;
- ii. the uncured expiry of any applicable grace period, cure period or default forbearance period following a payment default on a bank loan, capital markets security or other material financial obligation;
- iii. the extension of multiple waivers or forbearance periods upon a payment default on one or more material financial obligations, either in series or in parallel; ordinary execution of a distressed debt exchange on one or more material financial obligations.

**D:** Default.

‘D’ ratings indicate an issuer that in Fitch’s opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure or that has otherwise ceased business.

Default ratings are not assigned prospectively to entities or their obligations; within this context, non-payment on an instrument that contains a deferral feature or grace period will generally not be considered a default until after the expiration of the deferral or grace period, unless a default is otherwise driven by bankruptcy or other similar circumstance, or by a distressed debt exchange.

In all cases, the assignment of a default rating reflects the agency's opinion as to the most appropriate rating category consistent with the rest of its universe of ratings and may differ from the definition of default under the terms of an issuer's financial obligations or local commercial practice.

“+” or “-” may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the “AAA” long-term rating category or to categories below “CCC”.

#### DESCRIPTION OF MOODY'S SHORT-TERM DEBT RATINGS

**PRIME-1:** Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

**PRIME-2:** Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

**PRIME-3:** Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

**NOT PRIME:** Issuers rated Not Prime do not fall within any of the Prime rating categories.

#### DESCRIPTION OF S&P'S SHORT-TERM ISSUE CREDIT RATINGS

**A-1:** A short-term obligation rated “A-1” is rated in the highest category by S&P. The obligor’s capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor’s capacity to meet its financial commitment on these obligations is extremely strong.

**A-2:** A short-term obligation rated “A-2” is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor’s capacity to meet its financial commitment on the obligation is satisfactory.

**A-3:** A short-term obligation rated “A-3” exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment.

**B:** A short-term obligation rated “B” is regarded as having significant speculative characteristics. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

**C:** A short-term obligation rated “C” is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

**D:** A short-term obligation rated “D” is in default or in breach of an imputed promise. For non-hybrid capital instruments, the “D” rating category is used when payments on an obligation are not made on the date due, unless S&P believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The “D” rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation’s rating is lowered to “D” if it is subject to a distressed exchange offer.

#### DESCRIPTION OF FITCH INTERNATIONAL SHORT-TERM CREDIT RATINGS

**F1:** Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added “+” to denote any exceptionally strong credit feature.

**F2:** Good credit quality. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of higher ratings.

**F3:** Fair credit quality. The capacity for timely payment of financial commitments is adequate; however, near-term adverse changes could result in a reduction to non-investment grade.

**B:** Speculative. Minimal capacity for timely payment of financial commitments, plus vulnerability to near-term adverse changes in financial and economic conditions.

**C:** High default risk. Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment.

**D:** Default. Denotes actual or imminent payment default.



## SCHEDULE IV

### SHARE CLASSES OFFERED BY THE FUNDS

#### I. Share Classes Other Than Grandfathered Share Classes

The Funds offer a wide variety of Share Classes. The Share Classes are characterised by their letter type, currency denomination and whether or not they are hedged, and whether or not they distribute dividends, and if so, at what frequency and from what sources.

##### Letter types:

The following letter types of Share Classes are available:

A	B	C	E	F	R	S	X	LM	Premier
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The letter types are distinguished by their investment minimums, whether they charge sales charges, and other eligibility requirements. See the “Minimum Subscription Amounts” sub-section in the “Administration of the Company” section, the “Fees and Expenses” section and Schedule VIII on “Minimum Subscription Amounts” for more information. In the Fund Summaries, the table headed “Share Class Types” indicates which Share Class letter types are offered for each Fund.

##### Share class types:

The following Share Classes are available:

Share Class	Eligibility
Class A	Class A Shares are available to all investors. Commission/rebate payments may be made by Distributors to Dealers or other investors who have an agreement with a Distributor with respect to such Shares.
Class B Class C Class D Class E	Class B, C, D and E Shares are available to all investors who are clients of Dealers appointed by a Distributor with respect to such Shares. Commission payments may be made by Distributors to Dealers or other investors who have an agreement with a Distributor with respect to such Shares.
Class F	Class F Shares are available to Professional Investors and investors with a discretionary investment agreement with a Dealer appointed by the Distributor with respect to such Shares. Commission/rebate payments may be made by Distributors to Dealers or other investors who have an agreement with the Distributor with respect to such Shares.
Class R	Class R Shares are available to all investors who have a fee-based arrangement with an intermediary from whom they have received a personal recommendation in relation to their investment in the Funds.
Class U	Class U Shares are available to institutional investors at the discretion of the Directors or Distributors.
Class X	Class X Shares are available to Dealers, portfolio managers or platforms which, according to regulatory requirements or based on fee arrangements with their clients, are not allowed to accept and retain trail commissions; and institutional investors (for investors in the European Union, this means “Eligible Counterparties” as defined under MIFID II) investing for their own account.
LM Share Class	LM Share Classes are available at the discretion of the Directors or Distributors to qualifying investors who are companies of Franklin Templeton Investments, retirement schemes and schemes of similar nature sponsored by companies of Franklin Templeton Investments, or clients of such companies.
S Share Class	S Share Classes are available to institutional investors at the discretion of the Directors or Distributors.
Premier Share Class	For investors based in the European Union, Premier Share Classes are available to “Eligible Counterparties” as defined under MIFID II; for investors based outside the European Union, Premier Share Classes are available to institutional investors.

These different Share Classes differ principally in terms of their sales charges, fees, rates of expenses, distribution policy, and currency denomination. Investors are thus able to choose a Share Class that best suits their investment needs, considering the amount of investment and anticipated holding period.

Currency denomination and hedging:

For each Fund, unless otherwise indicated in the relevant Fund Summary, Share Classes are available in any of the currencies below.

- |        |       |       |       |
|--------|-------|-------|-------|
| • US\$ | • CHF | • CAD | • BRL |
| • Euro | • JPY | • CNH | • ZAR |
| • GBP  | • NOK | • NZD | • CZK |
| • SGD  | • SEK | • KRW | • HUF |
| • AUD  | • HKD | • PLN |       |

For each letter type offered, each Fund offers Share Classes in its base currency, and Share Classes in each of the other currencies above, in both hedged and unhedged versions, provided that Share Classes denominated in ZAR are offered only for Class S, Premier Share Class and LM Share Class. For Share Classes that include “(Hedged)” in their name after the currency denomination, it is intended that such Share Classes will be hedged against movements in exchange rates between the currency of the Share Class and the Base Currency of the relevant Fund. The absence of the term “(Hedged)” indicates that there will be no hedging against movements in exchange rates between the currency of the Share Class and the Base Currency of the relevant Fund.

See the “Currency Transactions” section for more information regarding the hedging process for unhedged, hedged and portfolio hedged Share Classes.

Accumulating or distributing:

Each Fund offers Share Classes that accumulate earnings (net gains and net investment income) and Share Classes that make distributions to Shareholders. In the Share Class name, “Accumulating” indicates an accumulating Share Class and “Distributing” indicates a distributing Share Class. The names of Distributing Share Classes also indicate the frequency of distribution declarations, with a letter after the term “Distributing”. The distributions may be daily (D), monthly (M), quarterly (Q), semi-annually (S) or annually (A). See the “Distributions” section for more information. Each Fund offers accumulating and distributing Share Classes in each of the distribution frequencies mentioned above, for each letter type offered by the Fund and for each currency denomination.

Certain Distributing Share Classes also include the term “Plus (e)” in their names. This indicates that the Share Class (as detailed below) may charge expenses to capital rather than income. Other Distributing Share Classes include the term “Plus” in their names. This indicates that the Share Class may distribute capital. See the “Distributions” section for more information. Each Fund (except for the Legg Mason Western Asset US Dollar Liquidity Fund) offers Distributing Plus (e) Share Classes and Distributing Plus Share Classes that declare distributions on a monthly basis (as indicated by “(M)” in the Share Class name), quarterly basis (Q), a semi-annual basis (S) or an annual basis (A) for each letter type offered by the Fund, other than B Share Classes and C Share Classes, and for each currency denomination.

## **II. Grandfathered Share Classes**

The Legg Mason Western Asset US Dollar Liquidity Fund may issue Grandfathered Shares as set out in the Fund Summary. Grandfathered Share Classes are available only to unitholders of the Affiliated Funds. The Grandfathered Shares are closed to any subsequent subscriptions, both by existing shareholders in the Share Class and by new investors, except that Shares may continue to be acquired through (1) dividend reinvestment; and (2) exchanges of Grandfathered Shares with the same letter designation. Notwithstanding the foregoing, Grandfathered Shares of the Legg Mason Western Asset US Dollar Liquidity Fund may be made available for subsequent subscriptions by existing Shareholders in the Share Class in the sole discretion of the Directors. For more information on the Grandfathered Shares available, please see the Fund Summary for Legg Mason Western Asset US Dollar Liquidity Fund.

**SCHEDULE V**  
**DEFINITION OF “US PERSON”**

1. Pursuant to Regulation S of the 1933 Act, “US Person” means:
  - (i) any natural person resident in the United States;
  - (ii) any partnership or corporation organized or incorporated under the laws of the United States;
  - (iii) any estate of which any executor or administrator is a US Person;
  - (iv) any trust of which any trustee is a US Person;
  - (v) any agency or branch of a foreign entity located in the United States;
  - (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; or
  - (vii) any partnership or corporation if:
    - (a) organized or incorporated under the laws of any non-US jurisdiction; and
    - (b) formed by a US Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organized or incorporated, and owned by accredited investors (as defined in Rule 501(a) under the 1933 Act) who are not natural persons, estates or trusts.
2. Notwithstanding (1) above, any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States shall not be deemed a “US Person”.
3. Notwithstanding (1) above, any estate of which any professional fiduciary acting as executor or administrator is a US Person shall not be deemed a US Person if:
  - (i) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate; and
  - (ii) the estate is governed by non-US law.
4. Notwithstanding (1) above, any trust of which any professional fiduciary acting as trustee is a US Person shall not be deemed a US Person if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settler if the trust is revocable) is a US Person.
5. Notwithstanding (1) above, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a US Person.
6. Notwithstanding (1) above, any agency or branch of a US Person located outside the United States shall not be deemed a “US Person” if:
  - (i) the agency or branch operates for valid business reasons; and
  - (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.
7. The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans shall not be deemed “US Persons”.

8. Notwithstanding (1) above, any entity excluded or exempted from the definition of “US Person” in (1) above in reliance on or with reference to interpretations or positions of the SEC or its staff as the definition of such term may be changed from time to time by legislation, rules, regulations or judicial or administrative agency interpretations.

**Definition of the term “resident” for purposes of Regulation S**

For purposes of the definition of “US Person” in (1) above with respect to natural persons, a natural person shall be resident in the US if such person (i) is in possession of an Alien Registration Card (a “green card”) issued by the US Immigration and Naturalization Service or (ii) meets a “substantial presence” test. The “substantial presence” test is generally met with respect to any current calendar year if (i) the individual was present in the US on at least 31 days during such year and (ii) the sum of the number of days on which such individual was present in the US during the current year, 1/3 of the number of such days during the first preceding year, and 1/6 of the number of such days during the second preceding year, equals or exceeds 183 days.

## **SCHEDULE VI**

### **DEFINITIONS OF “US REPORTABLE PERSON” AND “US TAXPAYER”**

1. Pursuant to US tax provisions commonly known as the Foreign Account Tax Compliance Act (“FATCA”), “US Reportable Person” means (i) a US Taxpayer who is not an Excluded US Taxpayer or (ii) a US Controlled Foreign Entity.
2. For purposes of the definition of the term “US Taxpayer” in (1) above, US Taxpayer means:
  - (i) a US citizen or resident alien of the United States (as defined for US federal income tax purposes);
  - (ii) any entity treated as a partnership or corporation for US federal tax purposes that is created or organized in, or under the laws of, the United States or any state thereof (including the District of Columbia);
  - (iii) any estate, the income of which is subject to US income taxation regardless of source; and
  - (iv) any trust over whose administration a court within the United States has primary supervision and all substantial decisions of which are under the control of one or more US fiduciaries.

An investor who is considered a “non-US Person” under Regulation S and a “Non-United States person” under CFTC Rule 4.7 may nevertheless be considered a “US Taxpayer” depending on the investor’s particular circumstances.

3. For purposes of the definition of the term “Excluded US Taxpayer” in (1) above, Excluded US Taxpayer means a US taxpayer who is also: (i) a corporation the stock of which is regularly traded on one or more established securities markets; (ii) any corporation that is a member of the same expanded affiliated group, as defined in Section 1471(e)(2) of the Code, as a corporation described in clause (i); (iii) the United States or any wholly owned agency or instrumentality thereof; (iv) any state of the United States, the District of Columbia, any US territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing; (v) any organization exempt from taxation under Section 501(a) or an individual retirement plan as defined in Section 7701(a)(37) of the Code; (vi) any bank as defined in Section 581 of the Code; (vii) any REIT as defined in Section 856 of the Code; (viii) any regulated investment company as defined in Section 851 of the Code or any entity registered with the Securities Exchange Commission under the 1940 Act; (ix) any common trust fund as defined in Section 584(a) of the Code; (x) any trust that is exempt from tax under Section 664(c) of the Code, or is described in Section 4947(a)(1) of the Code; (xi) a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state thereof; (xii) a broker as defined in Section 6045(c) of the Code; or (xiii) any trust under a Section 403(b) plan or Section 457(g) plan.
4. For purposes of the definition of the term “US Controlled Foreign Entity” in (1) above, US Controlled Foreign Entity means any entity that is not a US Taxpayer and that has one or more “Controlling US Persons”. For this purpose, a Controlling US Person means an individual who is either a citizen or resident alien of the United States (as defined for US federal income tax purposes) who exercises control over an entity. In the case of a trust, such term means the settler, the trustees, the protector (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term “Controlling Persons” shall be interpreted in a manner consistent with the Financial Action Task Force Recommendations.

## SCHEDULE VII

### Sub-delegates appointed by The Bank of New York Mellon SA/NV or The Bank of New York Mellon

Country/Market	Sub-Custodian
<b>Argentina</b>	Citibank N.A., Argentina
<b>Australia</b>	Citigroup Pty Limited
<b>Australia</b>	HSBC Ltd.
<b>Austria</b>	UniCredit Bank Austria AG
<b>Bahrain</b>	HSBC Bank Middle East Limited
<b>Bangladesh</b>	HSBC Ltd.
<b>Belgium</b>	The Bank of New York Mellon SA/NV
<b>Belgium</b>	Citibank Europe plc (cash is deposited with Citibank NA)
<b>Bermuda</b>	HSBC Bank Bermuda Limited
<b>Botswana</b>	Stanbic Bank Botswana Limited
<b>Brazil</b>	Citibank N.A., Brazil
<b>Brazil</b>	Itau Unibanco S.A.
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch
<b>Canada</b>	CIBC Mellon Trust Company (CIBC Mellon)
<b>Cayman Islands</b>	The Bank of New York Mellon
<b>Channel Islands</b>	The Bank of New York Mellon
<b>Chile</b>	Banco de Chile
<b>Chile</b>	Itau Corpbanca S.A.
<b>China</b>	HSBC Bank (China) Company Limited
<b>Colombia</b>	Cititrust Colombia S.A. Sociedad Fiduciaria
<b>Costa Rica</b>	Banco Nacional de Costa Rica
<b>Croatia</b>	Privredna banka Zagreb d.d.
<b>Cyprus</b>	BNP Paribas Securities Services S.C.A., Athens
<b>Czech Republic</b>	Citibank Europe plc
<b>Denmark</b>	Skandinaviska Enskilda Banken AB
<b>Egypt</b>	HSBC Bank Egypt S.A.E.
<b>Estonia</b>	SEB Pank AS
<b>Eswatini</b>	Standard Bank Swaziland Ltd
<b>Euromarket</b>	Clearstream Banking S.A.
<b>EuroMarket</b>	Euroclear Bank SA/NV
<b>Finland</b>	Skandinaviska Enskilda Banken AB

<b>Country/Market</b>	<b>Sub-Custodian</b>
<b>France</b>	The Bank of New York Mellon SA/NV
<b>France</b>	BNP Paribas Securities Services S.C.A.
<b>Germany</b>	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main
<b>Ghana</b>	Stanbic Bank Ghana Limited
<b>Greece</b>	BNP Paribas Securities Services S.C.A., Athens
<b>Hong Kong</b>	HSBC Ltd.
<b>Hong Kong</b>	Deutsche Bank AG
<b>Hong Kong</b>	CitiBank NA Hong Kong Branch
<b>Hungary</b>	Citibank Europe plc.
<b>Iceland</b>	Islandbanki hf.
<b>Iceland</b>	Landsbankinn hf.
<b>India</b>	Deutsche Bank AG
<b>India</b>	HSBC Ltd
<b>Indonesia</b>	Deutsche Bank AG
<b>Ireland</b>	The Bank of New York Mellon
<b>Israel</b>	Bank Hapoalim B.M.
<b>Italy</b>	The Bank of New York Mellon SA/NV
<b>Italy</b>	Intesa Sanpaolo S.p.A.
<b>Japan</b>	Mizuho Bank, Ltd.
<b>Japan</b>	MUFG Bank, Ltd
<b>Jordan</b>	Standard Chartered Bank
<b>Kazakhstan</b>	Joint-Stock Company Citibank Kazakhstan
<b>Kenya</b>	Stanbic Bank Kenya Limited
<b>Kuwait</b>	HSBC Bank Middle East Limited
<b>Latvia</b>	AS SEB banka
<b>Lithuania</b>	AB SEB bankas
<b>Luxembourg</b>	Euroclear Bank
<b>Malawi</b>	Standard Bank Limited
<b>Malaysia</b>	Deutsche Bank (Malaysia) Berhad
<b>Malaysia</b>	HSBC Bank Malaysia Berhad
<b>Malta</b>	The Bank of New York Mellon SA/NV
<b>Mauritius</b>	HSBC Ltd
<b>Mexico</b>	Citibanamex (formerly Banco Nacional de México S.A.)
<b>Mexico</b>	Banco Santander (Mexico), S.A.



<b>Country/Market</b>	<b>Sub-Custodian</b>
<b>Morocco</b>	Citibank Maghreb
<b>Namibia</b>	Standard Bank Namibia Limited
<b>Netherlands</b>	The Bank of New York Mellon SA/NV
<b>New Zealand</b>	HSBC Limited
<b>Nigeria</b>	Stanbic IBTC Bank Plc
<b>Norway</b>	Skandinaviska Enskilda Banken AB (Publ)
<b>Oman</b>	HSBC Bank Oman S.A.O.G.
<b>Pakistan</b>	Deutsche Bank AG
<b>Panama</b>	CitiBank NA Panama Beach
<b>Peru</b>	Citibank del Peru S.A.
<b>Philippines</b>	Deutsche Bank AG
<b>Poland</b>	Bank Polska Kasa Opieki S.A.
<b>Portugal</b>	Citibank Europe Plc
<b>Qatar</b>	HSBC Bank Middle East Limited, Doha
<b>Romania</b>	Citibank Europe plc
<b>Russia</b>	PJSC Rosbank
<b>Russia</b>	AO Citibank
<b>Saudi Arabia</b>	HSBC Saudi Arabia Limited
<b>Serbia</b>	UniCredit Bank Serbia JSC
<b>Singapore</b>	DBS Bank Ltd
<b>Singapore</b>	Standard Chartered Bank (Singapore) Ltd
<b>Slovak Republic</b>	Citibank Europe plc
<b>Slovenia</b>	UniCredit Banka Slovenia d.d.
<b>South Africa</b>	The Standard Bank of South Africa Limited
<b>South Africa</b>	Standard Chartered Bank
<b>South Korea</b>	HSBC Ltd
<b>South Korea</b>	Deutsche Bank AG
<b>Spain</b>	Banco Bilbao Vizcaya Argentaria, S.A.
<b>Spain</b>	Santander Securities Services S.A.U.
<b>Sri Lanka</b>	HSBC Ltd
<b>Sweden</b>	Skandinaviska Enskilda Banken AB
<b>Switzerland</b>	Credit Suisse (Switzerland) Ltd
<b>Switzerland</b>	UBS Switzerland AG
<b>Taiwan</b>	HSBC Bank (Taiwan) Limited

Country/Market	Sub-Custodian
<b>Tanzania</b>	Stanbic Bank Tanzania Limited
<b>Thailand</b>	HSBC Ltd
<b>Tunisia</b>	Banque Internationale Arabe de Tunisie
<b>Turkey</b>	Deutsche Bank A.S.
<b>Uganda</b>	Stanbic Bank Uganda Limited
<b>Ukraine</b>	Public Joint Stock Company "Citibank"
<b>U.A.E.</b>	HSBC Bank Middle East Limited
<b>UK</b>	Depository and Clearing Centre (DCC) Deutsche Bank AG, London Branch
<b>UK</b>	The Bank of New York Mellon
<b>USA</b>	The Bank of New York Mellon
<b>Uruguay</b>	Banco Itaú Uruguay S.A.
<b>Vietnam</b>	HSBC Bank (Vietnam) Ltd
<b>WAEMU<sup>9</sup></b>	Société Générale Côte d'Ivoire
<b>Zambia</b>	Stanbic Bank Zambia Limited
<b>Zimbabwe</b>	Stanbic Bank Zimbabwe Limited

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<sup>9</sup> Benin, Burkina-Faso Guinea Bissau, Ivory Coast, Mali, Niger, Senegal and Togo are members of the West African Economic and Monetary Union (WAEMU).

## SCHEDULE VIII

### MINIMUM SUBSCRIPTION AMOUNTS

At the date of this Prospectus, the minimum initial investment per Shareholder in Shares of the Funds are as follows. Unless otherwise indicated, the minimums indicated apply for each Fund offering the relevant Share Class.

<b>Share Class</b>	<b>Minimum Initial Investment*</b>
<b>US Dollars (US\$) Share Class Minimum Investments</b>	
Each A Share Class denominated in US\$ Each B Share Class denominated in US\$ Each C Share Class denominated in US\$ Each E Share Class denominated in US\$ Each R Share Class denominated in US\$	US\$ 1,000
Each F Share Class denominated in US\$	US\$ 1,000,000
Each U Share Class denominated in US\$	US\$ 100,000,000
Each X Share Class denominated in US\$	US\$ 1,000
Each Premier Share Class denominated in US\$	US\$ 15,000,000
Each S Share Class denominated in US\$	US\$ 50,000,000
<b>Euro (EUR) Share Class Minimum Investments</b>	
Each A Share Class denominated in Euro Each B Share Class denominated in Euro Each C Share Class denominated in Euro Each E Share Class denominated in Euro Each R Share Class denominated in Euro	Euro 1,000
Each F Share Class denominated in Euro	Euro 1,000,000
Each U Share Class denominated in Euro	Euro 100,000,000
Each X Share Class denominated in Euro	Euro 1,000
Each Premier Share Class denominated in Euro	Euro 15,000,000
Each S Share Class denominated in Euro	Euro 50,000,000
<b>Pound Sterling (GBP) Share Class Minimum Investments</b>	
Each A Share Class denominated in GBP Each B Share Class denominated in GBP Each C Share Class denominated in GBP Each E Share Class denominated in GBP Each R Share Class denominated in GBP	GBP 1,000
Each F Share Class denominated in GBP	GBP 1,000,000
Each U Share Class denominated in GBP	GBP 100,000,000
Each X Share Class denominated in GBP	GBP 1,000

<b>Share Class</b>	<b>Minimum Initial Investment*</b>
Each Premier Share Class denominated in GBP	GBP 10,000,000
Each S Share Class denominated in GBP	GBP 25,000,000
<b>Japanese Yen (JPY) Share Class Minimum Investments</b>	
Each A Share Class denominated in JPY Each B Share Class denominated in JPY Each C Share Class denominated in JPY Each E Share Class denominated in JPY Each R Share Class denominated in JPY	JPY 100,000
Each F Share Class denominated in JPY	JPY 100,000,000
Each U Share Class denominated in JPY	JPY 10,000,000,000
Each X Share Class denominated in JPY	JPY 100,000
Each Premier Share Class denominated in JPY	JPY 1,500,000,000
Each S Share Class denominated in JPY	JPY 5,000,000,000
<b>Korean Won (KRW) Share Class Minimum Investments</b>	
Each A Share Class denominated in KRW Each B Share Class denominated in KRW Each C Share Class denominated in KRW Each E Share Class denominated in KRW Each R Share Class denominated in KRW	KRW 1,000,000
Each F Share Class denominated in KRW	KRW 1,000,000,000
Each U Share Class denominated in KRW	KRW 100,000,000,000
Each X Share Class denominated in KRW	KRW 1,000,000
Each Premier Share Class denominated in KRW	KRW 15,000,000,000
Each S Share Class denominated in KRW	KRW 50,000,000,000
<b>Swiss Francs (CHF) Share Class Minimum Investments</b>	
Each A Share Class denominated in CHF Each B Share Class denominated in CHF Each C Share Class denominated in CHF Each E Share Class denominated in CHF Each R Share Class denominated in CHF	CHF 1,000
Each F Share Class denominated in CHF	CHF 1,000,000
Each U Share Class denominated in CHF	CHF 100,000,000
Each X Share Class denominated in CHF	CHF 1,000
Each Premier Share Class denominated in CHF	CHF 15,000,000
Each S Share Class denominated in CHF	CHF 50,000,000

Share Class	Minimum Initial Investment*
<b>Singapore Dollars (SGD) Share Class Minimum Investments</b>	
Each A Share Class denominated in SGD Each B Share Class denominated in SGD Each C Share Class denominated in SGD Each E Share Class denominated in SGD Each R Share Class denominated in SGD	SGD 1,500
Each F Share Class denominated in SGD	SGD 1,500,000
Each U Share Class denominated in SGD	SGD 150,000,000
Each X Share Class denominated in SGD	SGD 1,500
Each Premier Share Class denominated in SGD	SGD 22,500,000
Each S Share Class denominated in SGD	SGD 75,000,000
<b>Australian Dollars (AUD) Share Class Minimum Investments</b>	
Each A Share Class denominated in AUD Each B Share Class denominated in AUD Each C Share Class denominated in AUD Each E Share Class denominated in AUD Each R Share Class denominated in AUD	AUD 1,000
Each F Share Class denominated in AUD	AUD 1,000,000
Each U Share Class denominated in AUD	AUD 100,000,000
Each X Share Class denominated in AUD	AUD 1,000
Each Premier Share Class denominated in AUD	AUD 15,000,000
Each S Share Class denominated in AUD	AUD 50,000,000
<b>Norwegian Kroner (NOK) Share Class Minimum Investments</b>	
Each A Share Class denominated in NOK Each B Share Class denominated in NOK Each C Share Class denominated in NOK Each E Share Class denominated in NOK Each R Share Class denominated in NOK	NOK 6,000
Each F Share Class denominated in NOK	NOK 8,000,000
Each U Share Class denominated in NOK	NOK 600,000,000
Each X Share Class denominated in NOK	NOK 6,000
Each Premier Share Class denominated in NOK	NOK 90,000,000
Each S Share Class denominated in NOK	NOK 300,000,000

<b>Share Class</b>	<b>Minimum Initial Investment*</b>
<b>Swedish Kronor (SEK) Share Class Minimum Investments</b>	
Each A Share Class denominated in SEK Each B Share Class denominated in SEK Each C Share Class denominated in SEK Each E Share Class denominated in SEK Each R Share Class denominated in SEK	SEK 6,500
Each F Share Class denominated in SEK	SEK 8,000,000
Each U Share Class denominated in SEK	SEK 650,000,000
Each X Share Class denominated in SEK	SEK 6,500
Each Premier Share Class denominated in SEK	SEK 97,500,000
Each S Share Class denominated in SEK	SEK 325,000,000
<b>Canadian Dollars (CAD) Share Class Minimum Investments</b>	
Each A Share Class denominated in CAD Each B Share Class denominated in CAD Each C Share Class denominated in CAD Each E Share Class denominated in CAD Each R Share Class denominated in CAD	CAD 1,000
Each F Share Class denominated in CAD	CAD 1,000,000
Each U Share Class denominated in CAD	CAD 100,000,000
Each X Share Class denominated in CAD	CAD 1,000
Each Premier Share Class denominated in CAD	CAD 15,000,000
Each S Share Class denominated in CAD	CAD 50,000,000
<b>Chinese Renminbi (CNH) Share Class Minimum Investments</b>	
Each A Share Class denominated in CNH Each B Share Class denominated in CNH Each C Share Class denominated in CNH Each E Share Class denominated in CNH Each R Share Class denominated in CNH	CNH 6,000
Each F Share Class denominated in CNH	CNH 6,000,000
Each U Share Class denominated in CNH	CNH 600,000,000
Each X Share Class denominated in CNH	CNH 6,000
Each Premier Share Class denominated in CNH	CNH 90,000,000
Each S Share Class denominated in CNH	CNH 300,000,000
<b>Czech Koruna (CZK) Share Class Minimum Investments</b>	

<b>Share Class</b>	<b>Minimum Initial Investment*</b>
Each A Share Class denominated in CZK Each A (PF) Share Class denominated in CZK Each B Share Class denominated in CZK Each C Share Class denominated in CZK Each E Share Class denominated in CZK Each E (PF) Share Class denominated in CZK Each R Share Class denominated in CZK Each R (PF) Share Class denominated in CZK Each T Share Class denominated in CZK	CZK 30,000
Each J Share Class denominated in CZK	CZK 1,500,000,000
Each M Share Class denominated in CZK Each M (PF) Share Class denominated in CZK	CZK 15,000,000
Each F Share Class denominated in CZK Each F (PF) Share Class denominated in CZK	CZK 30,000,000
Each U Share Class denominated in CZK	CZK 3,000,000,000
Each X Share Class denominated in CZK Each X (PF) Share Class denominated in CZK	CZK 30,000
Each Y Share Class denominated in CZK	CZK 30,000,000,000
Each D Share Class denominated in CZK	CZK 20,000,000
Each BW Premier Share Class denominated in CZK Each Premier Share Class denominated in CZK Each Premier (PF) Share Class denominated in CZK	CZK 400,000,000
Each S Share Class denominated in CZK	CZK 1,500,000,000
<b>Hong Kong Dollars (HKD) Share Class Minimum Investments</b>	
Each A Share Class denominated in HKD Each B Share Class denominated in HKD Each C Share Class denominated in HKD Each E Share Class denominated in HKD Each R Share Class denominated in HKD	HKD 8,000
Each F Share Class denominated in HKD	HKD 7,500,000
Each U Share Class denominated in HKD	HKD 800,000,000
Each X Share Class denominated in HKD	HKD 8,000
Each Premier Share Class denominated in HKD	HKD 120,000,000
Each S Share Class denominated in HKD	HKD 400,000,000
<b>Hungarian Forint (HUF) Share Class Minimum Investments</b>	



<b>Share Class</b>	<b>Minimum Initial Investment*</b>
Each A Share Class denominated in HUF Each A (PF) Share Class denominated in HUF Each B Share Class denominated in HUF Each C Share Class denominated in HUF Each E Share Class denominated in HUF Each E (PF) Share Class denominated in HUF Each R Share Class denominated in HUF Each R (PF) Share Class denominated in HUF Each T Share Class denominated in HUF	HUF 375,000
Each J Share Class denominated in HUF	HUF 18,750,000,000
Each M Share Class denominated in HUF Each M (PF) Share Class denominated in HUF	HUF 187,500,000
Each F Share Class denominated in HUF Each F (PF) Share Class denominated in HUF	HUF 375,000,000
Each U Share Class denominated in HUF	HUF 37,500,000,000
Each X Share Class denominated in HUF Each X (PF) Share Class denominated in HUF	HUF 375,000
Each Y Share Class denominated in HUF	HUF 375,000,000,000
Each D Share Class denominated in HUF	HUF 300,000,000
Each BW Premier Share Class denominated in HUF Each Premier Share Class denominated in HUF Each Premier (PF) Share Class denominated in HUF	HUF 6,000,000,000
Each S Share Class denominated in HUF	HUF 18,750,000,000
<b>New Zealand Dollars (NZD) Share Class Minimum Investments</b>	
Each A Share Class denominated in NZD Each B Share Class denominated in NZD Each C Share Class denominated in NZD Each E Share Class denominated in NZD Each R Share Class denominated in NZD	NZD 1,000
Each F Share Class denominated in NZD	NZD 1,000,000
Each U Share Class denominated in NZD	NZD 100,000,000
Each X Share Class denominated in NZD	NZD 1,000
Each Premier Share Class denominated in NZD	NZD 15,000,000
Each S Share Class denominated in NZD	NZD 50,000,000
<b>Polish Zloty (PLN) Share Class Minimum Investments</b>	
Each A Share Class denominated in PLN Each B Share Class denominated in PLN Each C Share Class denominated in PLN Each E Share Class denominated in PLN Each R Share Class denominated in PLN	PLN 3,000

<b>Share Class</b>	<b>Minimum Initial Investment*</b>
Each F Share Class denominated in PLN	PLN 3,000,000
Each U Share Class denominated in PLN	PLN 300,000,000
Each X Share Class denominated in PLN	PLN 3,000
Each Premier Share Class denominated in PLN	PLN 45,000,000
Each S Share Class denominated in PLN	PLN 150,000,000
<b>Brazilian Real (BRL) Share Class Minimum Investments</b>	
Each Premier Share Class denominated in BRL	US\$ 15,000,000
<b>South African Rand (ZAR) Share Class Minimum Investments</b>	
Each S Share Class denominated in ZAR	ZAR 750,000,000
Each Premier Share Class denominated in ZAR	ZAR 200,000,000

\*For each class, the minimum may be satisfied by an equivalent amount in another authorised currency.

The Directors have authorised the Distributors to accept, in their discretion, (i) subscriptions for Shares of any Share Class in currencies other than the currency in which such Share Class is denominated and (ii) subscriptions in amounts less than the minimum for initial investments for the relevant Share Class of each Fund.

If a subscription is accepted in a currency other than the currency in which the relevant Share Class is denominated, then the relevant investor may be required to bear any costs associated with converting the subscription currency into the currency of the Share Class or the Base Currency of the Fund, as well as any costs associated with converting the currency of the Share Class or the Base Currency of the Fund into the subscription currency prior to paying redemption proceeds. The Directors reserve the right to vary in the future the minimums for initial investments. There are no investment minimums for the LM Share Classes.

The Company may issue fractional Shares rounded to the nearest one thousandth of a Share. Fractional Shares shall not carry any voting rights.

## **SCHEDULE IX**

### **INITIAL OFFER PERIODS**

For each unlaunched Share Class offered by the Western Asset UCITS SMASh Series Core Plus Completion Fund, the Initial Offer Period shall end at 4pm (New York time) on 30 March 2022 or such other date as the Directors may determine, in accordance with the requirements of the Central Bank.

## SCHEDULE X

### Rules Applicable to the Legg Mason Western Asset US Dollar Liquidity Fund

The Legg Mason Western Asset US Dollar Liquidity Fund must comply at all times with the investment restrictions applying to UCITS funds as set out in Schedule I of this Prospectus and the investment restrictions applying to all Money Market Funds as described under “MMF Regulation Investment Restrictions” below. The specific provisions of the MMF Regulations applying to the Fund are set out below.

#### 1 Eligible Assets

##### 1.1 Eligible Money Market Instruments must fulfil the following requirements:

- (1) fall within one of the categories of Money Market Instruments listed in Section A.1 of Schedule I of this Prospectus;
- (2) have either (a) a legal maturity at issuance of 397 days or less, or (b) a residual maturity of 397 days or less; and
- (3) the issuer and the quality of the Money Market Instrument must have received a favourable assessment under the Credit Quality Assessment Procedure - unless they are issued by the European Union, a central authority or central bank of a Member State, the European Central Bank, the European Investment Bank, the European Stability Mechanism or the European Financial Stability Facility.

##### 1.2 Eligible securitisations and asset-backed commercial paper (ABCPs) must be sufficiently liquid, have received a favourable assessment under the Credit Quality Assessment Procedure and be any of the following:

- (1) a securitisation referred to in Article 13 of Commission Delegated Regulation (EU) 2015/61<sup>10</sup> (level 2B securitisations);
- (2) an ABCP issued by an ABCP programme which:
  - (i) is fully supported by a regulated Credit Institution that covers all liquidity, credit and material dilution risks, as well as ongoing transaction costs and ongoing programme-wide costs related to the ABCP, if necessary to guarantee the investor the full payment of any amount under the ABCP;
  - (ii) is not a re-securitisation and the exposures underlying the securitisation at the level of each ABCP transaction do not include any securitisation position;
  - (iii) does not include a synthetic securitisation as defined in point (11) of Article 242 of Regulation (EU) No 575/2013;
- (3) a simple transparent and standardised (STS) securitisation or ABCP.

In addition, as a short-term Money Market Fund, the Fund may only invest in securitisations and ABCPs that fulfil one of the following conditions:

- (1) the legal maturity at issuance of the level 2B Securitisations is 2 years or less and the time remaining until the next interest rate reset is 397 days or less;
- (2) the legal maturity at issuance or residual maturity of securitisations (other than level 2B securitisations) or ABCPs is 397 days or less; or
- (3) the level 2B securitisations and STS securitisations are amortising instruments and have a Weighted Average Life of two years or less.

##### 1.3 Eligible deposits with Credit Institutions must fulfil the following conditions:

- (1) be repayable or able to be withdrawn at any time;
- (2) mature in no more than 12 months; and
- (3) the Credit Institution must have its registered office in an EU Member State or, if it has its registered office in a third country, it must be subject to prudential rules considered equivalent to EU ones.

##### 1.4 Eligible financial derivative instruments must fulfil the following conditions:

- (1) be dealt in on a Regulated Market;
- (2) the underlying of the derivative instrument must consist of interest rates, foreign exchange rates, currencies or indices representing one of those categories;

<sup>10</sup> Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions.

- (3) the derivative instrument's only purpose must be to hedge the interest rate or exchange rate risks inherent in other investments of the Funds;
- (4) the counterparties to OTC derivative transactions must be institutions subject to prudential regulation and supervision and belong to the categories approved by the Central Bank; and
- (5) the OTC derivatives must be subject to reliable and verifiable valuation on a daily basis and may be sold, liquidated or closed by an offsetting transaction at any time at their value at the Fund's initiative.

**1.5 Eligible Reverse Repurchase Agreements** must fulfil the following conditions:

- (1) the Fund must have the right to terminate the agreement at any time upon giving prior notice of not more than two working days;
- (2) the market value of the assets received as part of the Reverse Repurchase Agreement must at all times be at least equal to the value of the cash paid out;
- (3) the assets received by the Fund must be eligible Money Market Instruments and cannot be sold, reinvested, pledged or otherwise transferred;
- (4) the Fund cannot receive securitisations and ABCPs as part of a Reverse Repurchase Agreement;
- (5) the assets received by the Fund as part of a Reverse Repurchase Agreement must be sufficiently diversified with a maximum exposure to a given issuer of 15% of the Fund's NAV, except where those assets are Public Debt Money Market Instruments that fulfil the derogation criteria for investment up to 100% of the Fund's NAV<sup>11</sup> (the "Public Debt Derogation"). In addition, the assets received by the Fund as part of a Reverse Repurchase Agreement must 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;
- (6) the Fund must be able to recall the full amount of cash at any time on either an accrued basis or mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the Reverse Repurchase Agreement must be used for the calculation of the Fund's NAV;
- (7) the Fund may receive as part of a Reverse Repurchase Agreement liquid transferable securities or Money Market Instruments other than those that fulfil the requirements of section 1.1 above provided that they comply with one of the following conditions:
  - (i) they are issued or guaranteed by the EU, a central authority or central bank of an EU Member State, the European Central Bank, the European Investment Bank, the European Stability Mechanism or the European Financial Stability Facility provided that they have received a favourable assessment under the Credit Quality Assessment Procedure and they comply with the requirements for the Public Debt Derogation; or
  - (ii) they are issued or guaranteed by a central authority or central bank of a third country, provided that they have received a favourable assessment under the Credit Quality Assessment Procedure.

## **2 Diversification**

**2.1** The Fund must invest no more than:

- (1) 5% of its NAV in Money Market Instruments, securitisations and ABCPs issued by the same body;
- (2) 10% of its NAV in deposits made with the same Credit Institution;
- (3) the aggregate of the Fund's exposures to securitisations and ABCPs must not exceed 15% of its NAV, which limit will be raised to 20% with up to 15% of the NAV that may be invested in securitisations and ABCPs that do not comply with the criteria for the identification of STS securitisations and ABCPs as from the date of application of the delegated act to be adopted by the EU Commission in accordance with article 45 of Regulation (EU) 2017/2402<sup>12</sup>;
- (4) the aggregate risk exposure to the same counterparty of the Fund stemming from eligible OTC derivative transactions must not exceed 5% of the Fund's NAV;
- (5) the aggregate amount of cash provided to the same counterparty of the Fund in Reverse Repurchase Agreements must not exceed 15% of the Fund's NAV;
- (6) notwithstanding the individual limits laid down in paragraphs (1), (2) and (4), the Fund must not combine, where to do so would result in an investment of more than 15% of its NAV in a single body, any of the following:
  - (i) investments in Money Market Instruments, securitisations and ABCPs issued by that body;

<sup>11</sup> By way of derogation, the Fund is authorised by the Central Bank to invest up to 100% of its NAV in Public Debt Money Market Instruments provided that (i) it holds Money Market Instruments from at least six different issues by issuer, and (ii) that it limits the investment in Money Market Instruments from the same issue to a maximum of 30% of its NAV.

<sup>12</sup> Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and EU No 648/2012.

- (ii) deposits made with that body;
- (iii) OTC financial derivative instruments giving counterparty risk exposure to that body;
- (7) notwithstanding the individual limits laid down in (1) and (2), the Fund may invest no more than 10% of its NAV in bonds issued by a single Credit Institution that has its registered office in an EU Member State and is subject by law to special public supervision designed to protect bond-holders. In particular, sums deriving from the issue of those bonds must be invested in accordance 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 the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest;
- (8) where the Fund invests more than 5% of its NAV in bonds referred to in (7) issued by a single issuer, the total value of those investments must not exceed 40% of the Fund's NAV;
- (8) notwithstanding the individual limits laid down in (1) and (2), the Fund may invest no more than 20% of its NAV in bonds issued by a single Credit Institution where the requirements set out in point (f) of article 10(1) (exposures in the form of extremely high quality covered bonds) or point (c) of article 11(1) (exposure in the form of high quality covered bonds) of Delegated Regulation (EU) 2015/61<sup>13</sup> are met, including any possible investment in assets referred to in (7);
- (9) where the Fund invests more than 5% of its NAV in the bonds referred to in (8) issued by a single issuer, the total value of those investments must not exceed 60% of the Fund's NAV, including any possible investment in assets referred to in (7), respecting the limits set out therein;
- (10) companies which are included in the same group for the purposes of consolidated accounts under Directive 2013/34/EU<sup>14</sup> or in accordance with recognised international accounting rules, must be regarded as a single body for the purpose of calculating the limits referred to in (1) to (6).

### 3 Concentration

The Fund must not hold more than 10% of the Money Market Instruments, securitisations and ABCPs issued by a single body. This limit does not apply to Public Debt Money Market Instruments.

### 4 Portfolio Rules

As a short-term Money Market Fund, the Fund must comply with the following rules:

- (1) its portfolio is to have a Weighted Average Maturity of no more than 60 days;
- (2) its portfolio is to have a Weighted Average Life of no more than 120 days subject to (3) and (4) below. When calculating the WAL for securities, including structured financial instruments, the Fund must base the maturity calculation on the residual maturity until the legal redemption of the instruments. However, in the event that a financial instrument embeds a put option, the Fund may base the maturity calculation on the exercise date of the put option instead of the residual maturity, but only if all of the following conditions are fulfilled at all times:
  - (i) the put option is able to be freely exercised by the Fund at its exercise date;
  - (ii) the strike price of the put option remains close to the expected value of the instrument at the exercise date;
  - (iii) the investment strategy of the Fund implies that there is a high probability that the option will be exercised at the exercise date.

When calculating the WAL for securitisations and ABCPs, the Fund may instead, in the case of amortising instruments, base the maturity calculation on one of the following:

- (i) the contractual amortisation profile of such instruments;
- (ii) the amortisation profile of the underlying assets from which the cash-flows for the redemption of such instruments result;
- (3) at least 10% of the Fund's NAV is to be comprised of daily maturing assets, Reverse Repurchase Agreements which are able to be terminated by giving prior notice of one working day or cash which is able to be withdrawn by giving prior notice of one working day. The Fund is not to acquire any asset other than a daily maturing asset when such acquisition would result in the Fund investing less than 10% of its NAV in daily maturing assets;
- (4) at least 30% of the Fund's NAV is to be comprised of weekly maturing assets, Reverse Repurchase Agreements which are able to be terminated by giving prior notice of five working days or cash which is able to be withdrawn by giving prior notice of five working days. The Fund is not to acquire any asset other than a weekly maturing asset when such acquisition would result in the Fund investing less than 30% of its NAV in weekly maturing assets. For the purpose of the calculation, Public Debt Money

<sup>13</sup> Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions.

<sup>14</sup> Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Directives 78/660/EEC and 83/349/EEC.

Market Instruments that are highly liquid, can be redeemed and settled within one working day and have a residual maturity of up to 190 days may also be included within the weekly maturing assets of the Fund up to a limit of 17.5% of its NAV.

If the limits referred to above are exceeded for reasons beyond the control of Fund, or as a result of the exercise of subscription or redemption rights, the Fund's priority objective will be the correction of that situation, taking due account of Shareholders' interest.

## **5 Credit Quality Assessment Procedure**

A prudent internal credit quality assessment procedure is applied for determining the credit quality of the Money Market Instruments, securitisations and ABCPs held by the Fund taking into account the issuer of the instrument and the characteristics of the instrument itself. These methodologies are reviewed at least annually to ensure they are appropriate. The Credit Quality Assessment Procedure and the reviews shall be performed by the Fund's Investment Manager or Sub-Investment Manager (collectively, the "Investment Manager") and will not be undertaken by the teams who perform or are responsible for the portfolio management of the Fund.

## **6 Liquidity Management Procedure**

Prudent and rigorous liquidity management procedures are applied in managing the Fund. The following describes the actions to be taken where the Fund's weekly maturing assets fall below weekly liquidity thresholds:

- (a) where weekly maturing assets fall below 30% of the NAV of the Fund and the net daily redemptions on a single Dealing Day exceed 10% of the NAV of the Fund, the Fund's Investment Manager will immediately inform the Directors. The Directors will decide whether to apply one or more of the following measures:
  - (i) apply liquidity fees on redemptions that adequately reflect the cost to the Fund of achieving liquidity and ensure that Shareholders who remain in the Fund are not unfairly disadvantaged when other Shareholders redeem their Shares during the period;
  - (ii) apply redemption gates that limit the amount of Shares to be redeemed in the Fund on any one Dealing Day to a maximum of 10% of the Shares in the Fund for any period up to 15 Business Days<sup>15</sup>;
  - (iii) suspend redemptions for any period up to 15 Business Days; or
  - (iv) take no immediate action other than adopting as a priority objective the correction of that situation taking due account of the interests of the Fund's Shareholders.
- (b) where weekly maturing assets fall below 10% of the NAV of the Fund, the Fund's Investment Manager will immediately inform the Directors and the Directors will apply one or more of the following measures:
  - (i) apply liquidity fees on redemptions that adequately reflect the cost to the Fund of achieving liquidity and ensure that Shareholders who remain in the Fund are not unfairly disadvantaged when other investors redeem their Shares during the period; or
  - (ii) suspend redemptions for a period of up to 15 Business Days.

If the Directors suspend redemptions for the Fund and the total duration of such suspensions exceeds 15 Business Days within a period of 90 days, the Fund will automatically cease to be an LVNAV Money Market Fund and will be terminated. Each Shareholder in the Fund will immediately be informed in writing of such event.

## **7 Valuation**

The NAV of the Fund is calculated daily as follows:

- using the mark-to-market method whenever possible; or
- using the mark-to-model where the mark-to-market method is not possible or the market is not of sufficient quality.

In addition, the assets of the Fund having a residual maturity of up to 75 days are also valued using the Amortised Cost Method. If the valuation of an asset of the Fund with the Amortised Cost Method deviates by more than 0.10% from its valuation using the mark-to-market method or mark-to-model method, the price of that asset will be valued using one of the two latter methods.

The Directors monitor the use of the Amortised Cost Method of valuation to ensure that this method continues to be in the best interests of the Shareholders and provides a fair valuation of the Fund's assets. There may be periods during which the value of an asset determined under the Amortised Cost Method is higher or lower than the price which the Fund would receive if the assets were sold,

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<sup>15</sup> On any Dealing Day where a redemption gate applies, redemptions in excess of 10% will be deferred to the next Dealing Day. Deferred redemptions will be added to redemption requests received on that next Dealing Day. They will not have priority. Please note that redemption gates may apply on successive Dealing Days.



and the accuracy of the Amortised Cost Method of valuation can be affected by changes in interest rates and the credit standing of issuers of the Fund's investments.

The Administrator reviews daily any discrepancies between the value of the Fund's assets calculated using the Amortised Cost Method and the value calculated using the mark-to-market or mark-to-model method. In the event of a discrepancy, the Administrator will apply the following escalation procedure:

- a deviation by more than 0.05% will be escalated to the Investment Manager by the Administrator;
- a deviation by more than 0.1% will be escalated to the Investment Manager by the Administrator and the Investment Manager will inform the Directors;
- a deviation by more than 0.15% will be escalated to the Investment Manager and the Investment Manager will inform the Directors, who will in turn escalate to the Depositary;
- a deviation by more than 0.18% will be escalated to the Investment Manager and the Investment Manager will inform the Directors, who will in turn escalate to the Depositary.

These daily reviews and any engagement of the escalation procedures will be documented.

## MMF REGULATION INVESTMENT RESTRICTIONS

<b>1</b>	<b>Eligible Assets</b>
<b>1.1</b>	An MMF shall invest only in one or more of the following categories of financial assets and only under the conditions specified in the Money Market Fund Regulation (“MMFR”): Money market instruments.
<b>1.2</b>	Eligible securitisations and asset-backed commercial paper (“ABCPs”).
<b>1.3</b>	Deposits with credit institutions.
<b>1.4</b>	Financial derivative instruments.
<b>1.5</b>	Repurchase agreements that fulfil the conditions set out in Article 14.
<b>1.6</b>	Reverse repurchase agreements that fulfil the conditions set out in Article 15.
<b>1.7</b>	Units or shares of other MMFs.
<b>2</b>	<b>Investment Restrictions</b>
<b>2.1</b>	An MMF shall invest no more than: <ul style="list-style-type: none"> <li>(a) 5% of its assets in money market instruments, securitisations and ABCPs issued by the same body;</li> <li>(b) 10% of its assets in deposits made with the same credit institution, unless the structure of the banking sector in the Member State in which the MMF is domiciled is such that there are insufficient viable credit institutions to meet that diversification requirement and it is not economically feasible for the MMF to make deposits in another Member State, in which case up to 15% of its assets may be deposited with the same credit institution.</li> </ul>
<b>2.2</b>	By way of derogation from point (a) of paragraph 2.1, a VNAV MMF may invest up to 10% of its assets in money market instruments, securitisations and ABCPs issued by the same body provided that the total value of such money market instruments, securitisations and ABCPs held by the VNAV MMF in each issuing body in which it invests more than 5% of its assets does not exceed 40 % of the value of its assets.
<b>2.3</b>	The aggregate of all of an MMF’s exposures to securitisations and ABCPs shall not exceed 15% of the assets of the MMF. As from the date of application of the delegated act referred to in Article 11(4), the aggregate of all of an MMF’s exposures to securitisations and ABCPs shall not exceed 20% of the assets of the MMF, whereby up to 15 % of the assets of the MMF may be invested in securitisations and ABCPs that do not comply with the criteria for the identification of STS securitisations and ABCPs.
<b>2.4</b>	The aggregate risk exposure of an MMF to the same counterparty to OTC derivative transactions which fulfil the conditions set out in Article 13 of the MMFR shall not exceed 5% of the assets of the MMF.
<b>2.5</b>	The cash received by the MMF as part of the repurchase agreement does not exceed 10% of its assets.
<b>2.6</b>	The aggregate amount of cash provided to the same counterparty of an MMF in reverse repurchase agreements shall not exceed 15% of the assets of the MMF.
<b>2.7</b>	Notwithstanding paragraphs 2.1 and 2.4 above, an MMF shall not combine, where to do so would result in an investment of more than 15% of its assets in a single body, any of the following: <ul style="list-style-type: none"> <li>- investments in money market instruments, securitisations and ABCPs issued by that body;</li> <li>- deposits made with that body;</li> </ul>

	<p>- OTC financial derivative instruments giving counterparty risk exposure to that body.</p>
<b>2.8</b>	By way of derogation from the diversification requirement provided for in paragraph 2.7, where the structure of the financial market in the Member State in which the MMF is domiciled is such that there are insufficient viable financial institutions to meet that diversification requirement and it is not economically feasible for the MMF to use financial institutions in another Member State, the MMF may combine the types of investments referred to in points (a) to (c) up to a maximum investment of 20% of its assets in a single body.
<b>2.9</b>	An MMF may invest up to 100% of its assets in different money market instruments issued or guaranteed separately or jointly by the Union, the national, regional and local administrations of the Member States or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a third country, the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements, or any other relevant international financial institution or organisation to which one or more Member States belong.
<b>2.10</b>	<p>Paragraph 2.9 shall only apply where all of the following requirements are met:</p> <ul style="list-style-type: none"> <li>(a) the MMF holds money market instruments from at least six different issues by the issuer;</li> <li>(b) the MMF limits the investment in money market instruments from the same issue to a maximum of 30% of its assets;</li> <li>(c) the MMF makes express reference, in its fund rules or instruments of incorporation, to all administrations, institutions or organisations referred to in the first subparagraph that issue or guarantee separately or jointly money market instruments in which it intends to invest more than 5% of its assets;</li> <li>(d) the MMF includes a prominent statement in its prospectus and marketing communications drawing attention to the use of the derogation and indicating all administrations, institutions or organisations referred to in the first subparagraph that issue or guarantee separately or jointly money market instruments in which it intends to invest more than 5% of its assets.</li> </ul>
<b>2.11</b>	Notwithstanding the individual limits laid down in paragraph 2.1, an MMF may invest no more than 10% of its assets in bonds issued by a single credit institution that has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. In particular, sums deriving from the issue of those bonds shall be invested in accordance 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 the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.
<b>2.12</b>	Where an MMF invests more than 5% of its assets in the bonds referred to in paragraph 2.11 issued by a single issuer, the total value of those investments shall not exceed 40% of the value of the assets of the MMF.
<b>2.13</b>	Notwithstanding the individual limits laid down in paragraph 2.1, an MMF may invest no more than 20% of its assets in bonds issued by a single credit institution where the requirements set out in point (f) of Article 10(1) or point (c) of Article 11(1) of Delegated Regulation (EU) 2015/61 are met, including any possible investment in assets referred to in paragraph 2.11.
<b>2.14</b>	Where an MMF invests more than 5% of its assets in the bonds referred to in paragraph 2.13 issued by a single issuer, the total value of those investments shall not exceed 60% of the value of the assets of the MMF, including any possible investment in assets referred to in paragraph 2.11, respecting the limits set out therein.
<b>2.15</b>	Companies which are included in the same group for the purposes of consolidated accounts under Directive 2013/34/EU of the European Parliament and of the Council or in accordance with recognised international accounting rules, shall be regarded as a single body for the purpose of calculating the limits referred to in paragraphs 2.1 to 2.8.
<b>3</b>	<b>Eligible units or shares of MMFs</b>
<b>3.1</b>	An MMF may acquire the units or shares of any other MMF ('targeted MMF') provided that all of the following conditions are fulfilled:

	<ul style="list-style-type: none"> <li>a) no more than 10% of the assets of the targeted MMF are able, according to its fund rules or instruments of incorporation, to be invested in aggregate in units or shares of other MMFs;</li> <li>b) the targeted MMF does not hold units or shares in the acquiring MMF.</li> </ul>
<b>3.2</b>	An MMF whose units or shares have been acquired shall not invest in the acquiring MMF during the period in which the acquiring MMF holds units or shares in it.
<b>3.3</b>	An MMF may acquire the units or shares of other MMFs, provided that no more than 5% of its assets are invested in units or shares of a single MMF.
<b>3.4</b>	An MMF may, in aggregate, invest no more than 17.5% of its assets in units or shares of other MMFs.
<b>3.5</b>	<p>Units or shares of other MMFs shall be eligible for investment by an MMF provided that all of the following conditions are fulfilled:</p> <ul style="list-style-type: none"> <li>(a) the targeted MMF is authorised under the MMFR;</li> <li>(b) where the targeted MMF is managed, whether directly or under a delegation, by the same manager as that of the acquiring MMF or by any other company to which the manager of the acquiring MMF is linked by common management or control, or by a substantial direct or indirect holding, the manager of the targeted MMF, or that other company, is prohibited from charging subscription or redemption fees on account of the investment by the acquiring MMF in the units or shares of the targeted MMF;</li> </ul>
<b>3.6</b>	Short-term MMFs may only invest in units or shares of other short-term MMFs.
<b>3.7</b>	Standard MMFs may invest in units or shares of short-term MMFs and standard MMFs.

# FRANKLIN TEMPLETON GLOBAL FUNDS PLC

## ADDITIONAL INFORMATION FOR UNITED KINGDOM INVESTORS

**This country supplement forms part of the Main prospectus dated 21 February 2023 as amended from time to time (the “Main Prospectus”) and the Separate prospectus dated 21 February 2023 as amended from time to time (the “Specialist Prospectus”) for Franklin Templeton Global Funds PLC (hereinafter the “Company”). Unless otherwise provided for in this country supplement, all capitalised terms shall have the same meaning herein as in the Main Prospectus. This country supplement should be read in the context of and in conjunction with the Main Prospectus and Specialist Prospectus. The country supplement is authorised for distribution only when accompanied by the Prospectus.**

**PLEASE BE AWARE THAT THE MAIN AND SPECIALIST PROSPECTUS CONTAINS INFORMATION ON SUB-FUNDS WHICH HAVE BEEN RECOGNISED IN THE UNITED KINGDOM FOR PUBLIC DISTRIBUTION AND SUB-FUNDS WHICH HAVE NOT BEEN AUTHORISED OR OTHERWISE RECOGNISED OR APPROVED IN THE UNITED KINGDOM. THE MARKETING OF SUCH NON-AUTHORISED, RECOGNISED OR APPROVED SUB-FUNDS HAS BEEN RESTRICTED IN THE UNITED KINGDOM. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER AUTHORISED PURSUANT TO THE FSMA.**

**As disclosed in this country supplement, there have been no significant changes and no significant new matters have arisen since the publication of the Main Prospectus and Specialist Prospectus.**

**The directors of the Company (the “Directors”), accept responsibility for the information contained in the Main Prospectus, Specialist Prospectus and in this country supplement. 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 document is in accordance with the current facts and does not omit anything likely to affect the import of such information.**

This country supplement is issued on behalf of the Directors, who are responsible for its content, and by Franklin Templeton International Services, S.À R.L, which is regulated by the Commission de Surveillance du Secteur Financier for the purposes of section 21 of the Financial Services and Markets Act 2000 (“FSMA”).

The Company has been authorised by the Central Bank of Ireland as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended or any amendment thereto for the time being in force and any rules from time to time adopted by the Central Bank of Ireland pursuant thereto.

This country supplement is distributed by Franklin Templeton Investment Management Limited of Cannon Place, 78 Cannon Street, London, EC4N 6HL, United Kingdom. Other persons distributing this country supplement in, from or into the United Kingdom must satisfy themselves that it is lawful to do so.

Franklin Templeton Investment Management Limited has been appointed to act as facilities agent for the Company in the United Kingdom (the “Facilities Agent”). The Facilities Agent has agreed to provide facilities at its offices located at Cannon Place, 78 Cannon Street, London, EC4N 6HL, United Kingdom where:

- (a) a Shareholder may redeem his or her Shares and from which payments of the price on redemption may be obtained;
- (b) a Shareholder may lodge a complaint concerning the operation of the sub-funds of the Company (the “Funds”);
- (c) a Shareholder may obtain, during usual business hours on any business day, copies of the Company’s most recent Memorandum and Articles of Association, the Main Prospectus and Specialist Prospectus, this country supplement or key investor information document(s), latest annual and semi-annual reports; and
- (d) information can be obtained in writing about the Funds’ most recently published Share prices.

Any person with questions relating to their ability to invest in the Funds should consult a financial advisor specialising in advising on participation in collective investment schemes. If you are in any doubt about the contents of this document, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised pursuant to the FSMA.

## **UNITED KINGDOM TAXATION**

The following summary is based on taxation law as enacted and practice understood to be applicable in the United Kingdom on the date of this county supplement. It is subject to changes therein and is not exhaustive. It does not constitute legal or tax advice and applies only to United Kingdom residents, and in the case of an individual domiciled persons holding Shares as an investment. Any reliefs referred to and their value depends upon the circumstances of each individual investor. **Prospective investors should consult their own professional advisers on the implications of making an investment in, and holding or disposing of Shares and the receipt of distributions (whether or not on redemption) with respect to such Shares under the law of the countries in which they are liable to taxation.**

It is not considered that the Company is resident in the United Kingdom for the purposes of United Kingdom taxation. It is intended that the Company's affairs will be conducted in such a manner that it will not become resident in the United Kingdom for taxation purposes or liable to United Kingdom taxation on its profits.

### **Taxation of distributions:**

According to their personal circumstances, individual Shareholders resident in the United Kingdom for tax purposes will, in general, be liable to income tax in respect of the gross amount of any dividends or other income distributions of the Funds they receive or are deemed to receive, whether or not such dividends or distributions are reinvested.

### **Dividend distributions:**

Tax on dividend distributions received from the Funds will be subject to the tax-free annual dividend allowance. Tax will be levied on dividend income received in excess of this allowance at tiered rates, depending on individual circumstances.

Shareholders who are subject to United Kingdom corporation tax should generally expect to be exempt from United Kingdom taxation in respect of dividends from the Funds they receive or are deemed to receive.

### **Interest distributions:**

Tax on interest distributions received from the Funds will be subject to the personal savings allowance. Tax will be levied on interest income received in excess of this allowance at tiered rates, depending on individual circumstances.

Shareholders who are subject to United Kingdom corporation tax will be taxable according to the rules for the United Kingdom taxation of corporate debt and will treat the distribution as interest income.

### **Qualifying investment test:**

If a Fund holds, at any time during the period, more than 60% of its assets in interest bearing investments "qualifying investments", any distribution from the Fund will be treated as interest for United Kingdom income tax purposes and the income taxable for individuals, subject to the personal savings allowance, as described above.

Shareholders who are subject to United Kingdom corporation tax will be taxable in accordance with the loan relationship rules and will treat the distribution as interest income.

### **Offshore Fund Rules**

The Company is likely to constitute an 'offshore fund' for the purposes of the Offshore Funds (Tax) Regulations 2009 (the "Regulations"). In accordance with the Regulations, gains accruing to the Shareholder upon the sale or other disposal of that interest, including a deemed disposal on death or a disposal pursuant to a switch transaction, will be taxed at the time of such sale or other disposal as income for United Kingdom tax purposes unless the Fund is accepted as a "Reporting Fund" throughout the period during which the investor holds an interest. If Reporting Fund status is obtained, a United Kingdom resident

Shareholder will be subject to tax on reported income attributable to the Shareholder each year. Any gain accruing to the Shareholder on disposal of that interest will be subsequently taxed as capital gain, but any undistributed income relating to that interest that has been subject to tax is treated as capital expenditure for the purpose of computing the amount of the chargeable gain.

A list of Share Classes that have been entered into the regime can be found at <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>.

The reportable income information which details the income taxable (if any) on each Share Class on a per Share basis are available on the following website [www.franklinresources.com/all-sites](http://www.franklinresources.com/all-sites). It is intended that reportable income information will be made available to investors within the prescribed time limits under the Reporting Fund regime. The reported income will be deemed to arise to UK Shareholders 6 months after the Fund's accounting period end and will be treated for United Kingdom taxation purposes as though it were in fact distributed. Although it is the Directors' current intention to maintain "reporting fund" status in respect of all Share Classes currently holding this status, Shareholders are advised that the Directors do not accept any liability for such status not being maintained.

### **Taxation of gains on disposal**

This section is subject to the Offshore Fund Rules set out above applying and assumes the Fund is accepted as a "Reporting Fund" throughout the period during which the investor holds an interest.

Under current law a disposal of Shares (which includes a redemption) by an individual Shareholder who is resident in the United Kingdom for taxation purposes should be taxed at the current capital gains tax rates, depending on their personal circumstances.

Holders of Shares who are bodies corporate resident in the United Kingdom for taxation purposes will be taxed on any such gains at the applicable corporation tax rate.

Where the Fund at any time holds more than 60% of its assets in "qualifying investments", shareholders that are subject to United Kingdom corporation tax will be taxed in relation to returns on the Shares in accordance with the loan relationship rules.

Special rules apply to Shareholders that are life insurance companies within the charge to United Kingdom taxation holding their Shares for the purposes of their long-term business. Such Shareholders will be deemed to dispose and immediately reacquire those Shares at the end of each accounting period.

### **Anti-avoidance provisions**

The attention of individuals resident in the United Kingdom is drawn to anti-avoidance provisions, which are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies) resident or domiciled outside the United Kingdom and may render them liable to United Kingdom taxation in respect of undistributed income and profits of the relevant Funds on an annual basis.

**28 February 2023**



**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.

**Product name:** FTGF Martin Currie European Unconstrained Fund  
**Legal entity identifier:** 5493001JP7YZEMZJTE31

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ Yes

☒ ☒ No

<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ____%	<input checked="" type="checkbox"/> 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 50% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ____%	<input checked="" type="checkbox"/> with a social objective
	<input type="checkbox"/> 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 exposure to companies:

- which are reducing and managing their carbon emissions;
- with limited to no exposure to the fossil fuel industry;
- with a focus on the efficient use of energy and water;
- which are limiting pollution and managing biodiversity risk;
- with good track-records on human rights and employee matters; and

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

- *with no exposure to controversial weapons.*

*The environmental and/or social characteristics promoted by the Fund will be kept under review and may change from time to time.*

*No index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.*

**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.

**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 each environmental or social characteristic promoted by the Fund are a combination of internal and external sources, namely:*

- *the proportion of the Fund held in sustainable investments, as defined by the Investment Manager’s proprietary framework based on UN Sustainable Development Goals (SDG);*
- *the Principal Adverse Impact (PAI) Indicators as set out in SFDR;*
- *internal risk ratings, including governance risk rating and sustainability risk rating, carbon cost analysis and modern slavery risk factors;*
- *engagement topics and progress against set engagement objectives;*
- *external Data Metrics (e.g. MSCI) – Carbon footprint and ESG scoring; and*
- *Proportion of companies that have set or have committed to set, science-based targets for greenhouse gas emissions reductions.*

**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 of the Fund comprise equity securities issued by companies which contribute, through their products or services, to the environmental or social objectives of a relevant subset of targets underlying the 17 SDGs. The SDGs provide the Investment Manager with a lens through which to analyse the sustainability attributes of companies in which the Fund invests. While the 17 SDGs set the overall framework for determining the environmental or social objectives to which a company may contribute, it is a subset of the underlying 169 specific targets that have been identified as most relevant to companies and so the Investment Manager’s analysis is focused on the extent to which companies are able to contribute to the relevant targets. The targets relevant to each company are determined by reference to the Investment Manager’s proprietary taxonomy of qualifying economic activities for each target.*

*In addition to contributing to the environmental or social objectives of a relevant subset of targets underlying the SDGs, companies must also pass the Do No Significant Harm (DNSH) criteria, as further detailed below.*

**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?**

*In addition to identifying potential sustainable investments by mapping companies to a specific subset of targets of the SDGs as detailed above, potential investee companies are subject to the Investment Manager’s assessment of the DNSH principle which is conducted in two ways:*

1. an assessment of compliance with global norms, based on the United Nations Global Compact (UNGC) principles, and controversies related to the other environmental aspects of the PAI indicators.

2. an assessment of DNSH in relation to climate change-related factors highlighted by the PAI indicators, including areas such as business exposure to fossil fuel extraction and a high and unmanaged carbon footprint in a high-emitting industry.

When assessing climate change-related DNSH, the Investment Manager also considers the nature of a company's operations as well as the presence of controversies or signals from the PAI indicators. For each grouping of PAI indicators, the Investment Manager assesses the materiality of each PAI indicator and the presence of potential significant harm, which assessment is conducted using proprietary analysis. The findings from the DNSH assessment may influence the Governance and Sustainability risk ratings assigned by the Investment Manager, however the DNSH assessment is designed to operate as a parallel process to the risk ratings in order to meet the commitment to make 'sustainable investments' under SFDR. The key output of the DNSH assessment is to determine whether any evidence of significant harm exists that would exclude an investment from being considered a sustainable investment.

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

The Investment Manager takes into account all 14 PAI mandatory indicators and two additional indicators in its management of the Fund. The two additional indicators are:

- **Environmental:** Investments in companies without carbon emission reduction initiatives; and
- **Social:** Lack of a human rights policy.

The Investment Manager's analysis of companies takes these factors into account and where the Investment Manager identifies potential material adverse impacts, it will engage with the companies. Under the specific requirements of SFDR, the Investment Manager also reports on the PAI indicators using company sourced data or looks for proxies where these are not available.

For further information on how the Investment Manager's analysis of companies takes these factors into account, please refer to the section below titled "Does this financial product consider principal adverse impact on sustainability factors?".

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

Any potential sustainable investments that are identified are subject to the Investment Manager's broader ESG analysis that looks at management, culture, social and environmental risk. This analysis is framed around the OECD Guidelines for Multinational Enterprises and the Investment Manager has a specific additional focus on social exploitation risk framed around the UN Guiding Principles on Business and Human Rights.

The UNGC (on which the Fund has binding criteria) sets out 10 principles that set out minimum responsibilities in the areas of human rights, labour, environment and anti-corruption as derived from established conventions.

There is significant overlap between the principles of the UNGC and the OECD Guidelines that are effectively captured by the Investment Manager's UNGC screen. Material other multilateral instruments cited in the guidelines are also building blocks of the OECD guidelines, namely the ILO (International Labour Organisation) Fundamental Principles and the Universal Declaration of Human Rights. These effectively cover potential controversies related to the OECD's key pillars of human rights, labour, environment, anticorruption & consumer protection.

*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?

Yes, Yes. Sustainability factors can have an impact on the companies in which the Fund invests, and the Investment Manager also recognises that companies themselves can have an adverse impact on, for example, the environment, their employees or the communities in which they operate. These adverse impacts include, but are not limited to, the generation of greenhouse gas (GHG) emissions and other forms of pollution or potential violations of the UNGC. The Investment Manager’s analysis of companies takes these factors into account and where it identifies potential material adverse impacts, the Investment Manager will engage with the companies concerned as set out in more detail in the Investment Manager’s Stewardship and Engagement Policy. Under the specific requirements of SFDR, the Investment Manager also reports on the PAI indicators using company sourced data or proxies where these are not available.

Analysis of the PAIs is incorporated in the Investment Manager’s due diligence on each company. The assessment of the 14 mandatory PAIs and two additional PAIs are grouped into six key areas for assessing materiality. Not all PAIs will be material for every company. The Investment Manager assesses whether any of the six areas are material for the investee company and, where material, incorporates these areas into its risk ratings, investment thesis and, if relevant, planned engagement activity.

The six key groupings of the PAIs are as follows:

- Carbon Emissions and Management (PAIs #1 (GHG emissions), #2 (Carbon footprint) & #3 (GHG intensity of investee companies) as well as optional PAI on companies without carbon emissions reduction initiatives);
- Exposure to companies in the fossil fuel industry (PAI #4 (Exposure to companies active in the fossil fuel sector));
- Energy & Water Efficiency (PAIs #5 (Share of non-renewable energy consumption and production) & #6 (Energy consumption intensity per high impact sector));
- Pollution & Biodiversity (PAIs #7 (Activities negatively affecting biodiversity-sensitive areas), #8 (Emissions to water) & #9 (Hazardous waste ratio));

- *Human Rights and Employee Matters (PAIs #10-13 (Violations of UNGC and OECD Guidelines; Lack of processes and compliance mechanisms to monitor compliance with UNGC and OECD Guidelines; Unadjusted pay gap; and Board diversity) as well as an additional PAI focussed on companies that lack a human rights policy); and*

- *Exposure to controversial weapons (PAI #14 (Exposure to controversial weapons)).*

*In some instances, such as PAI #10 (Violations of UNGC and OECD Guidelines), the Fund has binding criteria and will not invest in companies that are assessed as 'fail' under the UNGC. In line with the Investment Manager's Controversial Weapons Policy, the Fund will not hold companies with exposure to controversial weapons.*

*Information on PAIs on sustainability factors can be found in the Responsible Investment Policy. An updated PAI statement for the Fund will be included in the annual report.*



No

## What investment strategy does this financial product follow?

*The Fund invests at least 80% of its net assets in shares of companies domiciled or listed in Europe, or which conduct the predominant part of their economic activity in Europe. Such investment may be direct or indirect through equity related securities, depositary receipts or collective investment schemes, or long positions through derivatives.*

*The Fund will invest in companies that, in the opinion of the Investment Manager and in accordance with the Investment Manager's investment process: (i) have the potential to generate or sustain a high return on invested capital (ROIC) in excess of their weighted average cost of capital; (ii) have the potential to provide an attractive growth profile and/or cash flow generation over the long term; and (iii) are expected to have supportive accounting practices and ESG practices.*

*In addition to the Investment Manager's security selection process as outlined in the supplement for the Fund, a series of assessments are made in relation to the Fund's holdings to fulfil elements of the Investment Manager's binding criteria, including the Governance and Sustainability risk ratings and commitments around a minimum percentage of 'sustainable investments' under SFDR. These are summarised below and discussed in more detail in the sections in relation to binding criteria, sustainable investments and sustainability indicators.*

*The Investment Manager assesses ESG factors that could impact the ability of a company to generate future sustainable returns. These may include shareholder rights, accounting standards, remuneration, board structure, supply chain, data protection, pollution/hazardous waste policies, water usage, and climate change policies. These characteristics are assessed both quantitatively and qualitatively, through the Investment Manager's proprietary ESG ratings system and its direct research and engagement process. The Investment Manager's proprietary Governance and Sustainability risk ratings act as a summary of the Investment Manager's views on key issues and insight from tools that the Investment Manager uses to make these determinations, which may include but is not limited to the PAIs, Carbon Cost Analysis and Modern Slavery Analysis.*

*The Investment Manager also assesses the proportion of the Fund's investments that can be classified as a 'sustainable investment' under SFDR. The Investment Manager identifies potential sustainable investments by mapping companies to a specific subset of targets of the SDGs, focusing on the products and services that companies provide and the contributions that they make. Companies are subject to the Investment Manager's assessment of DNSH.*

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

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

**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?**

Companies that have a sustainability or governance risk rating of 4 or higher, the rating scale ranging from 1 (low risk) to 5 (high risk), will not be included in the Fund.

In addition, the Fund will not invest in:

- companies which generate more than 5% of revenue from tobacco production, distribution or wholesale trading;
- companies which generate revenue from the production or distribution of controversial weapons (i.e., antipersonnel mines, nuclear weaponry, biological & chemical weaponry and cluster munitions);
- companies which generate more than 5% of revenue from the production or distribution of conventional weapons;
- companies which generate more than 5% of revenue from production or distribution of fossil fuels;
- companies generating more than 5% revenue from coal based power generation or the mining or distribution of thermal coal;
- companies generating revenue from mining of metals and minerals as defined by GICS subindustries Diversified Metals and Mining, Copper, Gold and Precious Metals and Minerals;
- companies that generate 15% or more of their revenues from nuclear power generation;
- companies assessed as 'fail' under the UNGC;

The Fund will maintain a proportion of sustainable investments above the minimum specified herein (50%).

The Investment Manager applies its ESG assessment (as set out above) to 100% of the Fund (ex-cash and liquidity instruments).

The Fund will maintain a portfolio ESG rating higher than that of the Fund's investment universe, being shares of companies domiciled or listed in Europe, or which conduct the predominant part of their economic activity in Europe.

Where the Investment Manager identifies areas of material environmental or social issues that would cause a breach of the binding criteria set out herein, the Investment Manager will engage with companies to encourage improvement. Otherwise, the Investment Manager would divest. Under this procedure the divestment would have to take place within 60 days if the company remained in breach of the binding criteria.

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

There is no committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy.

**What is the policy to assess good governance practices of the investee companies?** Corporate governance sits at the heart of the Investment Manager's analysis, as it believes this is a fundamental determinant of long-term performance and thus the sustainability of a business.

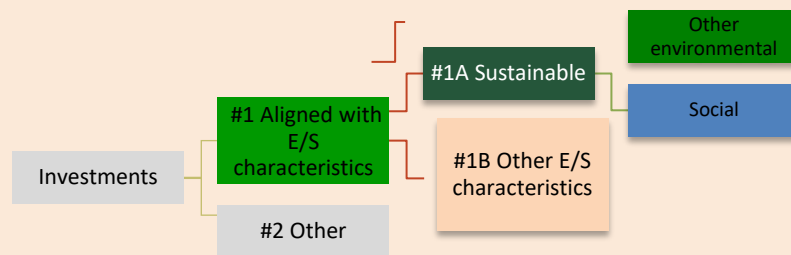
*The Investment Manager's assessment of the quality of corporate governance takes into consideration the local context for the company concerned. The Investment Manager believes that good corporate governance of the companies in which the Fund invests is an essential part of creating shareholder value and delivering investment performance for the Fund's clients. Importantly, problems here tend to go hand in hand with issues on the environmental and social front, making it a very useful barometer for the broader sustainability of a business. For these reasons, the Investment Manager analyses each company and situation on its own merits, within a framework of its Global Corporate Governance Principles and regarding their local corporate governance requirements.*



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

*The Investment Manager employs a binding proprietary ESG methodology which is applied to at least 90% of the Fund's portfolio. The remaining portion (<10%) of the portfolio is not aligned with the promoted characteristics and consists of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds).*

*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 50% of its portfolio to sustainable investments, with the portion of investments aligned with environmental and/or social characteristics.*



**#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.

**#2 Other** 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.

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

*The Fund may invest in certain types of derivatives including low exercise price warrants, futures (equity and index) and forward currency exchange contracts, for investment purposes or efficient portfolio management purposes, but these do not attain the environmental or social characteristics of the Fund.*

### Asset allocation

describes the share of investments in specific assets.

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.



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.

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



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**  
0%

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>16</sup>?**

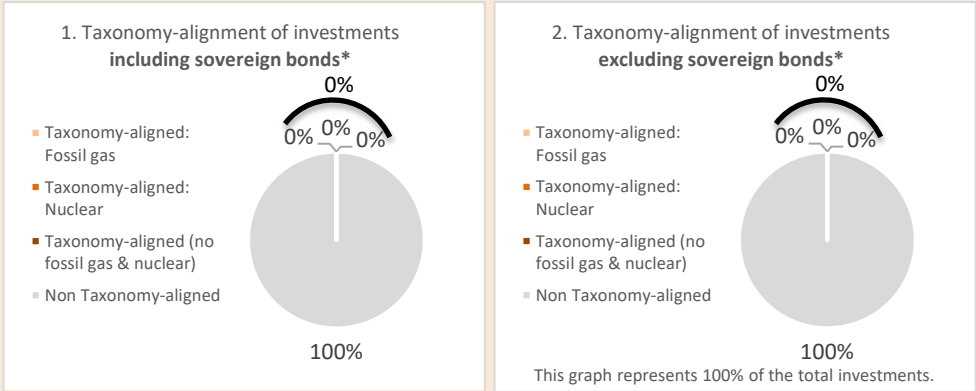
☐ Yes:

☐ 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.





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

*0%. The Fund's minimum commitment to sustainable investments is 50% as outlined in this annex and this commitment can be achieved in a variety of ways. However, the Fund does not prioritise one aspect of sustainable investments over another and it does not commit to a minimum share of its sustainable investments being in environmentally sustainable investments. Rather, at any one time, the Fund may hold 50% of its net assets in sustainable investments with an environmental objective and 0% in socially sustainable investments or vice versa.*



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

*0%. The Fund's minimum commitment to sustainable investments is 50% as outlined in this annex and this commitment can be achieved in a variety of ways. However, the Fund does not prioritise one aspect of sustainable investments over another and it does not commit to a minimum share of its sustainable investments being in socially sustainable investments. Rather, at any one time, the Fund may hold 50% of its net assets in sustainable investments with an environmental objective and 0% in socially sustainable investments or vice versa.*



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

*‘#2 Other’ includes cash or other liquidity instruments for which there are no minimum environmental or social safeguards.*



### 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*

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

*N/A.*

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

*N/A.*

- **How does the designated index differ from a relevant broad market index?**

*N/A.*

- **Where can the methodology used for the calculation of the designated index be found?**

*N/A.*

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



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

More product-specific information can be found on the website: [www.franklintempleton.ie/91921](http://www.franklintempleton.ie/91921)