



PO Box 563
Darlington
DL1 9ZF
Investor Services:
0330 123 3790
Fax: 0330 123 3791
www.franklintempleton.co.uk

3 September 2021

FRANKLIN TEMPLETON FUNDS II

NOTICE FOR INVESTORS IN THE FTF BRANDYWINE GLOBAL INCOME OPTIMISER FUND & THE FTF WESTERN ASSET GLOBAL MULTI STRATEGY BOND FUND

Replacement of LIBOR comparator benchmarks for the following sub-funds (the "Funds") of Franklin Templeton Funds II (the "ICVC"):

- **FTF Brandywine Global Income Optimiser Fund, and**
- **FTF Western Asset Global Multi Strategy Bond Fund**

This is a notice to inform investors in the Funds that we have recently updated the benchmarks that are used in relation to the Funds for performance comparison purposes (we refer to such benchmarks as "**comparator benchmarks**").

Background

We use and refer to certain comparator benchmarks in relation to sub-funds of the ICVC in the Prospectus, Key Investor Information Documents (KIIDs) and in certain marketing communications. We do this in order to provide investors with a means of assessing fund performance and for compliance with certain rules of the Financial Conduct Authority (the FCA).

Please note that these comparator benchmarks are not used as performance targets for the relevant funds and nor do they constrain the assets in which the Funds may invest.

How the comparator benchmarks have changed

On 3 September 2021, the comparator benchmarks used in relation to both the Funds changed from the **GBP 3 month LIBOR Interest Rate** (the "**Old Benchmark**") to **SONIA Compounded Index** (the "**New Benchmark**"). Data relating to the SONIA Compounded Index is available from the Bank of England's website.

Fund documentation has been updated to reflect this and revised versions of the Prospectus and the relevant KIIDs are available from our website: www.franklintempleton.co.uk.

Why the comparator benchmarks have changed

You may be aware that LIBOR (the London Interbank Offered Rate) is a commonly used reference rate in global financial markets. However, there is a major shift underway to transition from LIBOR to alternative rates before LIBOR is phased-out after December 2021.

For this reason, we have changed the Old Benchmark (as a LIBOR based reference rate) to the New Benchmark before LIBOR ceases to be supported.

Whilst there are differences between the Old Benchmark and the New Benchmark (see the section headed 'Impact of the changes' below), we consider that the New Benchmark constitutes an appropriate replacement for the Old Benchmark taking into account the investment objectives and policies of the Funds.

Impact of the changes

By way of background, SONIA (the Sterling Overnight Index Average) is a measure of the rate at which interest is paid on sterling short-term wholesale funds in circumstances where credit, liquidity and other risks are minimal. SONIA is based on actual transactions and reflects the

average of the interest rates that banks pay to borrow unsecured sterling cash overnight from other financial institutions.

The SONIA Compounded Index, specifically, is derived by taking the daily SONIA rates and converting those rates to a compounded equivalent representing the returns from a rolling unit of investment earning interest each day at the SONIA rate. We will use this SONIA Compounded Index data to calculate a SONIA interest rate over relevant reference periods (e.g. 12-month periods) in order to compare these figures to the Fund's performance in reports and other communications provided to investors.

As a general matter, SONIA differs from LIBOR in a number of ways including, among things, because it is a backward-looking rate which is calculated by reference to the prior business day's transactions and payments. Conversely, LIBOR is a forward-looking rate, meaning that a payment based on LIBOR can be determined at the start of the relevant payment period.

It should also be noted that SONIA, as a reference rate, has typically returned a lower rate of interest than LIBOR. For this reason, investors in the Funds should note that the Funds' performance relative to the New Benchmark may appear "better" (on a comparative basis) than it did previously when it was compared against the Old Benchmark.

For the avoidance of doubt, the change of comparator benchmarks will not impact the Funds' risk and return profile, nor the way in which they are managed in practice.

Further information

If you require further information, please contact our Investor Services team on 0330 123 3790. However, please note that we cannot provide you with investment advice.

Yours faithfully/sincerely,

DocuSigned by:

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Martyn Gilbey

Franklin Templeton Fund Management Limited

(Authorised Corporate Director of Franklin Templeton Funds II)