



Taxation of Personal Dividend Distributions

TAXATION OF PERSONAL DIVIDEND DISTRIBUTION FROM FRANKLIN TEMPLETON INVESTMENT FUNDS,
A LUXEMBOURG DOMICILED SICAV

ABOUT THIS TAX INFORMATION

This leaflet is intended to provide a general guide to the taxation of FTIF distributions for UK tax resident individual investors. It should not be treated as tax advice or used as a basis for calculating your liability to tax. Tax treatment depends on your individual circumstances and may be subject to change. If you have any questions or concerns you should speak to a professional tax adviser. This information is valid as at the date of publication.

BACKGROUND

From 6 April 2016, the UK government announced the following changes:

- the first £5,000 of dividends UK individuals receive from all sources will not be subject to income tax. Above this level, the dividend tax rates will apply.
- a tax free Personal Savings Allowance of the first £1,000 of interest (including interest distributions) received in a tax year from all sources will apply to an individual basic rate taxpayer. For higher rate taxpayers, the allowance will be £500 and for additional rate taxpayers there will be no allowance.

If a fund holds more than 60% of all of its assets in an interest bearing form at any time in a distribution period, the distribution will be treated as a payment of yearly interest by the UK individual investor and the income tax rates will apply.

For our Luxembourg domiciled SICAV, Franklin Templeton Investment Funds (FTIF), we undertake weekly monitoring of all balanced funds, to help UK investors identify distributions that will be treated as dividends or interest for income tax purposes. The funds are listed below:

FTIF EQUITY FUNDS

In the Franklin Templeton Investment Funds range, any distributions paid to UK investors from an equity fund should be **dividend distributions**.

FTIF FIXED INCOME FUNDS

In the Franklin Templeton Investment Funds range, all fixed income funds are classified as bond funds. Any distributions paid to UK investors should be **interest distributions**.

FTIF BALANCED FUNDS

Balanced funds where all distributions paid to date are **dividend distributions** for UK investors:

- Franklin Diversified Balanced Fund*
- Franklin Diversified Dynamic Fund
- Franklin European Income Fund
- Franklin Global Fundamental Strategies Fund
- Franklin Global Multi-Asset Income Fund**
- Franklin Income Fund
- Franklin K2 Alternative Strategies Fund
- Templeton Emerging Markets Balanced Fund
- Templeton Global Balanced Fund
- Templeton Global Income Fund

Balanced funds where distributions paid will be treated as **interest payments** for UK investors:

- Franklin Brazil Opportunities Fund
- Franklin Diversified Conservative Fund***
- Franklin Global Convertible Securities Fund
- Franklin K2 Global Macro Opportunities Fund
- Franklin K2 Long Short Credit Fund

Important information

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* As at 26 June 2015, Franklin Strategic Balanced Fund was renamed Franklin Diversified Balanced Fund.

** As at 26 June 2015, Franklin Multi-Asset Fund was renamed to Franklin Global Multi-Asset Income Fund.

*** As at 19 February 2016, Franklin Global Allocation Fund merged into Franklin Diversified Conservative Fund.

This document is intended to be of general interest only and does not constitute legal or tax advice nor is it an offer for shares or invitation to apply for shares of the Franklin Templeton Investment Fund SICAV ("the Fund"). Nothing in this document should be construed as investment advice. Subscriptions to shares of the Fund can only be made on the basis of the current prospectus, the relevant Key Investor Information Document, accompanied by the latest available audited annual report and the latest semi-annual report if published thereafter.

An investment in the Fund entails risks which are described in the Fund's prospectus and the relevant Key Investor Information Document. **The value of shares in the Fund and income received from it can go down as well as up, and investors may not get back the full amount invested. Past performance is not an indicator or a guarantee of future performance.**

No shares of the Fund may be directly or indirectly offered or sold to nationals or residents of the United States of America. Shares of the Fund are not available for distribution in all jurisdictions and prospective investors should confirm availability with their local Franklin Templeton Investments representative before making any plans to invest.

All or most of the protections provided by the UK Regulatory System will not apply to Franklin Templeton Investment Funds (SICAV) Investors.

For a free copy of the latest prospectus, the relevant Key Investor Information Document, the annual report and semi-annual report, if published thereafter or for more information about any Franklin Templeton Investments' fund, UK investors should contact: Franklin Templeton Investments, Telephone: 0800 305 306, Email: enquiries@franklintempleton.co.uk or write to us at the address below.

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Franklin Templeton Investment Management Limited
Cannon Place
78 Cannon Street
London EC4N 6HL
franklintempleton.co.uk