

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States or to US persons except pursuant to an exemption from the registration requirements of those laws.*



# FRANKLIN TEMPLETON INVESTMENTS

**AMENDMENT NO. 1 DATED JULY 6, 2018 TO THE PROSPECTUS DATED APRIL 6, 2018**

**FOR**

## **Franklin Target Return Fund (the “Fund”)**

**Series A Units, Series F Units, Series PF Units and Series O Units**

All page references relate to the prospectus of the Fund dated April 6, 2018 (the “**Prospectus**”).

All capitalized terms not defined in this Amendment No. 1 have the respective meanings set out in the Prospectus.

### **1. Investment Advisory Services Fee**

Effective August 7, 2018, the Manager is adding an investment advisory services fee option to Series F Units and PF Units of the Fund.

The technical amendments to the Prospectus required to effect this change are set out below:

#### **Prospectus Summary**

##### **i. Series F Units**

a) The following is added as the second bullet in the first paragraph under the sub-heading “Series F Units” on page 7:

- investors who participate in “fee-for-service” or wrap programs where we administer the investment advisory services fee;

b) The following is added as the fifth paragraph under the sub-heading “Series F Units” on page 7:

Investors in Series F Units may also use the investment advisory services fee option offered by us. If this option is selected, then we will collect an investment advisory services fee of up

to 1.50% on your behalf and remit it to your Dealer. Please see the “Investment Advisory Services Fee” section for more details.

ii. Series PF Units

a) The following is added as the second bullet in the first paragraph under the sub-heading “Series PF” on page 7:

- investors who participate in “fee-for-service” or wrap programs where we administer the investment advisory services fee;

b) The following is added as the fourth paragraph under the sub-heading “Series PF Units” on page 7:

Investors in Series PF Units may also use the investment advisory services fee option offered by us. If this option is selected, then we will collect an investment advisory services fee of up to 1.50% on your behalf and remit it to your Dealer. Please see the “Investment Advisory Services Fee” section for more details.

**Fees and expenses**

The section “Series O Investment Advisory Services Fee” on page 29 of the Prospectus is deleted and replaced with the following:

**INVESTMENT ADVISORY SERVICES FEE (SERIES O, F, PF)**

For Series O Units, Series F Units and Series PF Units (where you have purchased the series with the investment advisory services fee option), we have an arrangement in place with your Dealer to collect the investment advisory services fee (plus any applicable taxes) from you for payment to your Dealer on your behalf (the “Investment Advisory Services Fee”).

Where the above arrangement exists, the maximum annual Investment Advisory Services Fee rate that we will facilitate the payment of, is 1.50% (excluding taxes). For Series O Units the effective date of the 1.50% maximum fee rate limit is March 12, 2018. For Series F Units and Series PF Units the effective date of the 1.50% maximum fee rate limit is August 7, 2018.

The Investment Advisory Services Fee purchase option for Series F Units and Series PF Units is available for purchase effective August 7, 2018.

Your Dealer is solely responsible for making the recommendation to purchase Series O Units, Series F Units and Series PF Units of the Fund and for providing any and all necessary information regarding your investment in the Fund to you. By placing an order to purchase Series O Units, Series F Units and Series PF Units of the Fund and in consideration for the investment advice and/or services, and suitability analysis provided to you by your Dealer in respect of your purchase, you are agreeing to pay the negotiated Investment Advisory Services Fee to your Dealer. We will not remit the Investment Advisory Services Fee to your Dealer until we have received confirmation of the amount of the Investment Advisory Services Fee from your Dealer. Investors in Series F Units and Series PF Units that do not hold their Units in a fee-based or wrap program where they pay their fees directly to their Dealer are eligible to participate in the Investment Advisory Services Fee option.

In the case of Series O Units the Investment Advisory Services Fee is calculated and paid to your Dealer as described below under Series O Program Fees. The Management and Administration Fee together with the Investment Advisory Services Fee are collectively referred to as the “Program Fees”. For more information on how the Program Fees are calculated and paid, and further details, please see Series O Program Fees.

In the case of Series F Units and Series PF Units, where you have purchased such series with the Investment Advisory Services Fee option, the Investment Advisory Services Fee is calculated based on the average daily net asset value of the applicable Series F Units and Series PF Units held in your account at the end of each business day. The fees will accrue on a monthly basis. On the last business day of each month, we will redeem the amount of the accrued Investment Advisory Services Fee (plus applicable taxes) from your account and pay it to your Dealer at a frequency agreed upon between Franklin Templeton and your Dealer. If you redeem, switch or transfer Units of a series where the Investment Advisory Services Fee purchase option applies, before we fulfill your request we will verify if there are sufficient funds in your account to pay the accrued Investment Advisory Services Fee (plus applicable taxes) as part of the next fee redemption cycle (at the end of the accrual month), or deduct the fee from the proceeds of your requested redemption, switch or transfer at the time of the transaction, in order to satisfy payment of such fee (plus applicable taxes).

If you move your account(s) holding Series O Units, Series F Units or Series PF Units to another Dealer, you will need to negotiate the Investment Advisory Services Fee with your new Dealer. We will remit the Investment Advisory Services Fee to your new Dealer at the negotiated rate, effective from the date we receive written confirmation of the amount from your new Dealer. We will remit the Investment Advisory Services Fee to your former Dealer in the amount accruing up to the date of transfer at the rate you negotiated with your former Dealer.

## 2. Sub-Advisor change

Effective August 1, 2018, Franklin Templeton International Services S.à.r.l. (“FTIS”) will replace Franklin Templeton Investment Management Limited as the sub-advisor of the Fund.

The technical amendments to the Prospectus required to effect this change are set out below:

- i. The fifth sentence in the third paragraph of the front page is deleted and replaced with the following:  

The Portfolio Manager has retained Franklin Templeton International Services S.à.r.l. (the “**Sub-Advisor**”) to act as the sub-advisor to the Fund.
- ii. The definition of “Sub-Advisor” under the heading “Important Terms” on page 4 is deleted and replaced with the following:  

**Sub-Advisor** – Franklin Templeton International Services S.à.r.l. or its successor.
- iii. The Sub-Advisor row under heading “Organization and Management of the Fund”, sub-heading “Sub-Advisor” on page 12 is deleted and replaced with the following:  

**Sub-Advisor:** Fiduciary Trust Company of Canada, acting as Portfolio Manager, has retained Franklin Templeton International Services S.à.r.l. to act as sub-advisor to the

Fund. The Sub-Advisor is an indirect wholly-owned subsidiary of Franklin Resources, Inc. The head office of the Sub-Advisor is located in Luxembourg. It may be difficult to enforce any legal rights against the Sub-Advisor because all or substantially all of its assets are located outside of Canada. The Sub-Advisor is not fully subject to the requirements of Canadian securities legislation and the Portfolio Manager is responsible for the investment advice provided by it to the Fund.

See “Organization and Management Details of the Investment Fund – Sub-Advisor”.

- iv. The second paragraph under the sub-heading “**Portfolio Manager**” on page 60 is deleted and replaced with the following:

Under the Investment Advisory Agreement, the Portfolio Manager is responsible for the management of the investment portfolio, the establishment of investment policies and guidelines and the provision of investment analysis relating to the Fund and has the authority to engage the services of sub-advisors in connection with any investment advice and/or portfolio management services required by the Fund. The Portfolio Manager has retained Franklin Templeton International Services S.à.r.l. to act as Sub-Advisor to the Fund. The Portfolio Manager and the Sub-Advisor will jointly provide advice to the Fund but the Portfolio Manager is responsible for the investment advice that the Sub-Advisor provides to the Fund.

- v. The first paragraph under the sub-heading “**Sub-Advisor**” on page 61 is deleted and replaced with the following:

Franklin Templeton International Services S.à.r.l. has been retained by the Portfolio Manager pursuant to the Sub-Advisory Agreement to act as sub-advisor to the Fund. The Sub-Advisor is an indirect wholly-owned subsidiary of Franklin Resources, Inc. The head office of the Sub-Advisor is located in Luxembourg.

#### **PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase mutual fund securities within two business days after receipt of a prospectus and any amendment or within 48 hours after the receipt of a confirmation of a purchase of such securities. If the agreement is to purchase such securities under a contractual plan, the time period during which withdrawal may be made may be longer.

In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limits prescribed by the securities legislation of the purchaser’s province or territory.

The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of their rights or consult with a legal adviser.

**CERTIFICATE OF THE FUND, THE TRUSTEE, MANAGER AND PROMOTER**

Dated: July 6th, 2018

The prospectus dated April 6, 2018, as amended by this Amendment No. 1, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the units offered by the prospectus dated April 6, 2018, as amended by this Amendment No. 1, as required by the securities legislation of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Northwest Territories, Nunavut, Ontario, Prince Edward Island, Québec, Saskatchewan and Yukon.

**FRANKLIN TEMPLETON INVESTMENTS CORP.  
as Trustee, Manager and Promoter of the Fund**

*"Duane Green"*

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Duane Green  
President & Chief Executive Officer of Franklin  
Templeton Investments Corp.

*"Winston Chen"*

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Winston Chen  
Chief Financial Officer of Franklin Templeton  
Investments Corp.

**On behalf of the Board of Directors of Franklin Templeton Investments Corp.**

*"Andrew Ashton"*

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Andrew Ashton  
Director

*"Ghion Shewangzaw"*

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Ghion Shewangzaw  
Director