



**FRANKLIN
TEMPLETON**

Annual Report
for the year ended
31 December 2020

Franklin Templeton Asia Fund Series



FRANKLIN TEMPLETON ASIA FUND SERIES

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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REPORT OF THE MANAGER

FOR THE YEAR ENDED 31 DECEMBER 2020

Templeton Select Global Equity Fund

Market Review

Global developed and emerging market equities, as measured by the MSCI All Country World Index, advanced strongly during 2020. Stocks fell sharply in early 2020 as many investors sold equities amidst fears of a global economic slowdown due to the novel coronavirus (“COVID-19”) pandemic. Global equities began to rebound in late March amidst optimism about easing lockdown restrictions, vaccine and treatment development, and economic stimulus measures. Despite declines in September and October due to geopolitical tensions and rising infection rates, markets rebounded in November and December as positive sentiment about successful trials of COVID-19 vaccines, the beginning of vaccination programmes in some countries and apparent resolution of political uncertainty supported markets.

Portfolio Review

Global value stocks dramatically underperformed global growth stocks in 2020. Despite this headwind, the fund outperformed its benchmark index “The MSCI All Country World Index” for the year, driven by holdings in the materials, industrials, and utilities sectors. In materials, Canada-based Wheaton Precious Metals, which provides financing to (primarily) base metals miners in exchange for a share of their precious metals by-product, was the top contributor. We believe precious metals exposure is an effective portfolio hedge and diversifier, and we like Wheaton in particular for its unique, asset-light financing model, which provides the benefits of gold and silver ownership without the drawbacks of actually operating capital-intensive and problem-prone mines.

United Parcel Service (“UPS”), one of the world’s largest freight delivery service companies, was the top stock contributor in the industrials sector. After numerous years of consolidation and automation investment, the industry has become more rational, focusing on more positive mix and price. The combination of this industry discipline, higher domestic e-commerce volumes and tighter capacity has resulted in better-than-expected margin realisation and returns. The market responded enthusiastically to earnings momentum, leading to positive earnings revisions and multiple expansion during the third quarter. Management changes, higher cash generation and shifts in capital allocation have also fuelled outperformance.

Stock selection in the consumer discretionary and communication services sectors, as well as an underweight in the Information Technology (“IT”) sector, detracted from relative performance for the year. Japan-based Isuzu Motors was a top detractor in the consumer discretionary sector. The company is a leader in producing small-sized diesel trucks, and its business has been significantly impacted by the COVID-19 pandemic. With more attractive value elsewhere, we exited our position.

Vodafone, a UK-based global telecommunications company with an ownership presence in 26 countries and partner networks in an additional 50 countries, was the top detractor in communication services sector. The market has remained sceptical on Vodafone’s ability to improve returns given a complex business and past missteps. Recent positive share-price performance provided an opportunity to exit the position and redirect proceeds towards stocks that we believe offer more attractive long-term value.

In IT, returns were hurt primarily by our avoidance of expensive momentum stocks. The internet platform and consumer companies that have been leading the market are major beneficiaries of the “stay-at-home” economy and have been performing extremely well in a low interest rate, growth-starved environment. At Templeton, our goal is to buy great companies at the right price because the risk/reward is asymmetric; valuation support creates a margin of safety on the downside, while scope for fundamental improvement and multiple expansion increases upside potential. However, our focus on buying what we assess as future winners at reasonable prices has been out of favour in a market willing to pay ever higher prices for established leaders.

As a result, performance continued to be pressured more by what we don’t own (FAANG stocks—Facebook, Amazon, Apple, Netflix, Google—and their international counterparts) than what we do.

Regionally, an overweight and stock selection in Europe detracted significantly from relative performance. Stock selection in North America, particularly the United States, contributed.

REPORT OF THE MANAGER (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Templeton Select Global Equity Fund (continued)

Outlook & Strategy

While we are encouraged by recent vaccine developments and generally optimistic about their implications, much of the good news seems discounted by expensive valuations. Low interest rates may justify high valuations, but if the combination of stimulus and vaccination succeeds in reflate the global economy, rates should eventually move higher, at least in nominal terms. Governments burdened by debts they can never pay back cannot afford to let interest costs spike, leading us to expect continued state intervention into financial markets and the economy, with all the distortions that implies for pricing signals. The era of free markets and liberal democracy as we once knew it is likely over, in our view. The modern policy goal of engineering a permanent recovery will prove impossible. Yet, even if it were not, the question remains: recovery to what? What are sustainable levels of demand in an economy buffeted by the major structural forces of deglobalisation, ageing demographics, accelerating technology adoption and permanent government intervention? We expect the push and pull between inflationary and deflationary forces to accelerate, cycles to compress and growth to be harder to come by. That certainly didn't seem to be the case in 2020, when policymakers papered over a global catastrophe and managed to keep the party going. The frenzy was evident not just in valuations, but also in the amount of capital raised by blank-check firms and oversubscribed IPOs (Initial Public Offerings), as well as the sudden retail rush into the stock market. Improved political clarity, continued stimulus and herd immunity may become logical justifications for more of the same in 2021. Or it may simply be a "buy the rumour, sell the news" event. Either way, it can't go on forever... but nor can we sit on the side lines and wait for it to end. Our continued efforts towards diversifying and upgrading the quality of the portfolio are intended to help us succeed in the challenging environment ahead. After all, uncertainty can be favourable for active investment managers with a long-term horizon and global opportunity set. We are applying all our energies and talents to uncovering what we view as the best ideas in this environment and getting them into a sensible and balanced portfolio suitable for a future of increasing adversity and complexity.

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REPORT OF THE MANAGER (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Franklin Select Global Multi-Asset Income Fund

Key Themes

Unprecedented levels of fiscal and monetary stimulus following the downturn caused by the COVID-19 pandemic helped developed equity markets to recover from steep losses incurred during the first quarter. Global investment-grade bond indices made robust gains during 2020 (in US dollar terms) performing broadly in line with global investment-grade corporate bonds, while high-yield issues also gained ground.

US and Japanese equities both made gains across the year, as losses suffered during the first quarter were less severe than in Europe. Unprecedented stimulus implemented by the US Federal Reserve included a rate cut of 100 basis points and a range of quantitative easing measures, helping US equities to make gains of more than 20% (in US dollar terms) in 2020, despite a weakened US dollar.

Most major equity markets in Europe lost significant value during the first quarter of 2020, following the onset of the pandemic. In response, the European Central Bank significantly expanded its asset purchase programme, while the European Union agreed a sizeable fiscal stimulus package to support those countries hardest hit by the COVID-19 crisis. Despite these measures, many equity markets—including those of France and Italy—were restricted to single digit returns in 2020 (in US dollar terms). Benchmark German Bund yields slipped further into negative territory during the year, as economic uncertainty grew and investors' risk appetite receded.

Emerging Markets ("EMs") experienced significant volatility across 2020, as the onset of the COVID-19 pandemic caused a sharp sell-off in risk assets during the first quarter. Asian markets fared broadly better than other EMs, handling the pandemic effectively and stabilising their economies quickly due to the quality of their institutions, governance, and health care systems. As a result, equity markets in China, Taiwan and South Korea made substantial gains across the year (in US dollar terms), in contrast to other major equity markets such as Brazil, Russia and Turkey which were unable to recoup losses (in US dollar terms) sustained in the first three months of 2020. Sharp price falls for EM bonds in the first quarter were largely reversed across the rest of the year, helped by stimulus measures and renewed risk appetite.

Outlook

We retain a positive outlook towards risk assets as we move into 2021, although our optimism is tempered by short-term uncertainties including the continued threat of COVID-19, trade tensions and deep political divisions in the United States.

Within developed market equities we maintain a preference for the US, although this position could be trimmed if the current sector rotation continues. We also prefer attractively valued cyclical economies, such as the United Kingdom and Japan, which should benefit from global economic recovery, while we are less optimistic on Europe, given the constraints on further stimulus from the European Central Bank. China remains our preferred EM, although this may change should it become apparent that growth in the Chinese economy has begun to plateau.

We view the recent steepening of the US Treasury yield curve as a correction rather than a trend, and judge equities as better value than bonds, where valuations remain stretched. Among developed market government issues, we prefer European bonds, which have received further support from the European Central Bank and are likely, in our view, to perform better than other regions if global yields move lower in any short-term downturn. We also see Japanese government bonds as a good defensive portfolio diversifier, since yields should remain relatively low in any rising yield environment that accompanies a global recovery.

REPORT OF THE MANAGER (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Franklin Select Global Multi-Asset Income Fund (continued)

Outlook (continued)

Within credit, we have become more positive in our outlook on high-yield bonds, becoming more optimistic as default rates ease further on positive economic sentiment. Better underlying fundamentals, alongside a general risk-on environment, support high-yield debt, while the attractiveness of investment-grade credit has been lessened by the accumulation of debt on corporate balance sheets.

We remain optimistic on EM debt, although selective positioning is important, leading us to prefer Asian issues. Elsewhere, we see alternatives such as commodities and US Treasury Inflation-Protected Securities (“TIPS”) as important diversifiers and a hedge against the potential for rising inflation.

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REPORT OF THE TRUSTEE TO THE UNITHOLDERS
OF FRANKLIN TEMPLETON ASIA FUND SERIES (THE “FUNDS”)
FOR THE YEAR ENDED 31 DECEMBER 2020

We hereby confirm that, in our opinion, the Manager has, in all material respects, managed the Funds in accordance with the provisions of the Trust Deed dated 5 January 2016 and Supplemental Deed dated 27 December 2019 for the year ended 31 December 2020.

For and on behalf of

Cititrust Limited

Director

12 April 2021

Director

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF TEMPLETON SELECT GLOBAL EQUITY FUND AND FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of Templeton Select Global Equity Fund and Franklin Select Global Multi-Asset Income Fund (each a separate sub-fund of Franklin Templeton Asia Fund Series and referred to as the “Funds”) set out on pages 11 to 45, which comprise:

- the statement of financial position as at 31 December 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of each of the Funds as at 31 December 2020, and of each of their financial transactions and each of their cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Funds in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The Trustee and the Manager (the “Management”) of the Funds are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the Financial Statements

The Management of the Funds is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management of the Funds is responsible for assessing the Funds’ ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Funds is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 5 January 2016, as amended (“Trust Deed”) and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the “SFC Code”).

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE UNITHOLDERS OF TEMPLETON SELECT GLOBAL EQUITY FUND AND FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Funds have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and Appendix E of the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 12 April 2021

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		Templeton	Select Global	Franklin Select Global	
		2020	2019	2020	2019
	Note	USD	USD	USD	USD
ASSETS					
CURRENT ASSETS					
Investments	3	6,171,850	5,492,746	10,469,081	19,061,711
Financial derivative instruments	4	3,764	10,238	5,359	38,411
Dividends, interest and other accounts receivable		2,948	10,579	14,739	28,444
Due from brokers		—	—	247,624	—
Management fee rebates receivable	5(e), (f)	—	—	681	—
Margin cash	6	—	—	15,591	13,845
Cash and cash equivalents	6	296,078	304,439	197,274	467,061
TOTAL ASSETS		6,474,640	5,818,002	10,950,349	19,609,472
LIABILITIES					
CURRENT LIABILITIES					
Financial derivative instruments	4	—	—	4,768	2,236
Due to brokers		—	—	—	7,266
Amounts payable on redemption		—	—	140,102	173,209
Other accounts payable		35,090	29,902	47,481	48,235
LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		35,090	29,902	192,351	230,946
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	7	6,439,550	5,788,100	10,757,998	19,378,526

Signed for and on behalf of

Franklin Templeton Investments (Asia) Limited as the Manager

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

		Templeton	Select Global	Franklin Select Global	
		2020	Equity Fund	Multi-Asset Income Fund	
	Note	2020	2019	2020	2019
		USD	USD	USD	USD
INCOME					
Dividend income		110,833	187,788	241,167	672,030
Interest on bank deposits	5(j)	727	5,220	1,056	15,772
Interest on investments		—	—	16,791	160,365
Other income	5(f)	—	—	7,611	—
Change in unrealised gain/loss on fair value of investments		1,308,429	752,717	391,914	3,535,390
Realised (loss)/gain on sale of investments		(708,536)	(147,947)	146,196	243,317
Change in unrealised gain/loss on financial derivative instruments and foreign currency exchange		(6,585)	4,102	(28,528)	1,758
Realised gain/(loss) on financial derivative instruments and foreign currency exchange		148,535	(23,154)	147,531	(325,185)
TOTAL INVESTMENT INCOME		853,403	778,726	923,738	4,303,447
EXPENSES					
Management fee	5(f)	53,127	55,308	117,700	243,358
Trustee fee	5(f)	1,978	2,066	5,396	11,311
Registrar fee	5(f)	2,125	2,213	5,539	11,452
Custody fee	5(f)	31,761	26,932	74,372	98,452
Fund administration fee	5(f)	10,626	11,062	27,695	57,262
Distribution fee		26,564	27,654	69,235	143,152
Audit fee		23,430	21,365	23,431	21,365
Bank charges		215	144	301	448
Legal and professional fees		10,691	1,151	24,319	1,447
Other operating expenses		10,699	7,961	17,152	11,222
Transaction costs		5,819	4,663	14,068	47,798
TOTAL EXPENSES		177,035	160,519	379,208	647,267
PROFIT BEFORE DISTRIBUTION AND TAX		676,368	618,207	544,530	3,656,180
FINANCE COST (EXCLUDING INCREASE/DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)					
Distribution to unitholders	8	—	—	(738,544)	(1,499,432)
PROFIT/(LOSS) AFTER DISTRIBUTION AND BEFORE TAX		676,368	618,207	(194,014)	2,156,748
Withholding taxes		(19,030)	(33,733)	(19,958)	(67,151)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS		657,338	584,474	(213,972)	2,089,597

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Templeton	Select Global	Franklin Select Global	
		2020	2019	Multi-Asset	Income Fund
		USD	USD	USD	USD
BALANCE AT THE BEGINNING OF THE YEAR	7	5,788,100	5,266,791	19,378,526	39,655,895
Subscription of units	7	—	1,703	1,741,371	2,366,601
Redemption of units	7	(5,888)	(64,868)	(10,232,948)	(24,845,304)
Reinvestment of distributions	7	—	—	85,021	111,737
Increase/(decrease) in net assets attributable to unitholders from operations		657,338	584,474	(213,972)	2,089,597
BALANCE AT THE END OF THE YEAR	7	<u>6,439,550</u>	<u>5,788,100</u>	<u>10,757,998</u>	<u>19,378,526</u>

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Templeton Select Global Equity Fund	Franklin Select Global Multi-Asset Income Fund		
	2020	2019	2020	2019
Note	USD	USD	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES				
Purchase of investments	(6,512,152)	(2,399,343)	(16,190,137)	(54,467,579)
Disposal of investments	6,432,941	2,390,355	25,034,894	77,852,713
Settlement of financial derivative instruments	148,535	(23,154)	147,531	(325,185)
Margin cash (paid)/received	—	—	(1,746)	107,075
Dividend income received	118,464	186,848	251,092	670,690
Interest on bank deposits received	727	5,220	1,056	15,772
Interest on investments received	—	—	58,942	196,620
Management fee paid	(52,671)	(55,062)	(116,827)	(258,615)
Distribution fee paid	(26,338)	(27,530)	(72,798)	(152,126)
Trustee fee paid	(1,959)	(2,203)	(5,682)	(12,173)
Registrar fee paid	(2,106)	(2,204)	(5,824)	(12,170)
Custody fee paid	(31,761)	(26,932)	(74,372)	(98,452)
Fund administration fee paid	(10,535)	(11,012)	(29,121)	(60,851)
Audit fee paid	(21,280)	(20,850)	(21,281)	(20,850)
Bank charges paid	(215)	(144)	(301)	(448)
Legal and professional fees paid	(10,375)	(1,151)	(20,624)	(1,447)
Other operating expenses paid	(8,788)	(7,961)	(12,134)	(11,091)
Transaction costs paid	(5,819)	(4,663)	(14,068)	(47,798)
Withholding taxes paid	(19,030)	(33,733)	(19,958)	(67,151)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(2,362)	(33,519)	8,908,642	23,306,934
CASH FLOWS FROM FINANCING ACTIVITIES				
Subscription of units	—	1,703	1,741,371	2,416,366
Redemption of units	(5,888)	(64,868)	(10,266,055)	(24,812,309)
Distributions	—	—	(653,523)	(1,387,695)
NET CASH USED IN FINANCING ACTIVITIES	(5,888)	(63,165)	(9,178,207)	(23,783,638)
Net decrease in cash and cash equivalents	(8,250)	(96,684)	(269,565)	(476,704)
Cash and cash equivalents at the beginning of the year	304,439	401,038	467,061	943,963
Effect of foreign exchange rate changes	(111)	85	(222)	(198)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	296,078	304,439	197,274	467,061

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The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 General Information

Franklin Templeton Asia Fund Series (the “Trust”) was constituted under a Trust Deed dated 5 January 2016 and Supplemental Deed dated 27 December 2019, between Franklin Templeton Investments (Asia) Limited (the “Manager”) and Cititrust Limited (the “Trustee”). The terms of the Trust Deed are governed by the laws of Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”). The Trust is authorised by the Securities and Futures Commission of Hong Kong (the “SFC”).

The Trust is an umbrella fund, whereby comprising two sub-funds, namely Templeton Select Global Equity Fund and Franklin Select Global Multi-Asset Income Fund (the “Funds”). The Funds were launched and commenced operations on 5 July 2016.

Investment Fund	Objective
Templeton Select Global Equity Fund	To achieve capital appreciation through a policy of investing in equity securities of companies throughout the world, including emerging markets.
Franklin Select Global Multi-Asset Income Fund	To achieve a level of total return consisting of income and capital appreciation, allowing it to support a steady level of distribution.

The Financial statements were authorised by the Manager and the Trustee for issue on 12 April 2021.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRSs requires the use of certain accounting estimates. It also requires the Trustee and Manager (collectively, the “Management”) to exercise their judgement in the process of applying the Funds’ accounting policies.

- (a) Standards and amendments to existing standards effective 1 January 2020
There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2020 that have a material effect on the financial statements of the Funds.
- (b) New standards, amendments and interpretations effective after 1 January 2020 and have not been early adopted
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Funds.

2.2 Foreign currency translation

(a) Functional and presentation currency

The Funds’ net assets are invested globally. The Management considers the United States dollar (“USD”) to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The USD is the currency in which the Funds measure their performance and report their results. The financial statements are presented in USD which are the Funds’ functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gain and loss relating to cash and cash equivalents are presented in the statement of comprehensive income within “change in unrealised gain/loss on financial derivative instruments and foreign currency exchange” and “realised gain/(loss) on financial derivative instruments and foreign currency exchange”.

Foreign exchange gain and loss relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within “change in unrealised gain/loss on fair value of investments”, “realised gain/(loss) on sale of investments”, “change in unrealised gain/loss on financial derivative instruments and foreign currency exchange” and “realised gain/(loss) on financial derivative instruments and foreign currency exchange”.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Summary of significant accounting policies (continued)

2.3 Financial assets

2.3.1 Classification

The Funds classify their investments based on both the Funds' business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Funds are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. The Funds have not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Funds' debt securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds' business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Funds' policy requires the Manager to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

2.3.2 Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Funds commit to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Funds have transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "financial assets or financial liabilities at fair value through profit or loss" category are presented in the statement of comprehensive income within "change in unrealised gain/loss on fair value of investments" and "change in unrealised gain/loss on financial derivative instruments and foreign currency exchange" in the year in which they arise.

2.4 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

Franklin Select Global Multi-Asset Income Fund considers all of its investments in quoted funds, exchange traded funds and real estate investment trusts together the "Underlying Funds", to be investments in unconsolidated structured entities. The sub-fund invests in Underlying Funds whose objectives range from achieving medium to long term investment returns. The Underlying Funds apply various investment strategies to accomplish their respective investment objectives. The Underlying Funds finance their operations by issuing redeemable units which are puttable at the holder's option and entitles the holder to a proportional stake in the respective fund's net assets. The sub-fund holds redeemable units in each of its Underlying Funds.

The change in fair value of each Underlying Fund is included in the statement of comprehensive income in "change in unrealised gain/loss on fair value of investments" and "realised gain/(loss) on sale of investments".

2.5 Financial derivative instruments

Financial derivative instruments represent forward foreign exchange contracts, futures, swaps and options. These instruments are entered into principally to manage foreign currency exposures or for trading purposes.

The Funds may enter into forward foreign exchange contracts to mitigate the risks associated with fluctuations in foreign exchange rates. A forward foreign exchange contract is an agreement between two parties to exchange different currencies at an agreed upon exchange rate at a future date. These contracts are valued daily by the Funds and the net unrealised gain or loss on the contracts, as measured by the difference between the contractual forward foreign exchange rates and the forward rates at the year end date, is included in the statement of financial position.

Unrealised gains and losses on financial derivative instruments are presented as assets and liabilities respectively in the statement of financial position. Realised gains and losses and the net change in fair values are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Summary of significant accounting policies (continued)

2.6 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Funds utilise the last traded market price as fair valuation inputs for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value. Fixed income securities are valued by using quotes from brokers. Certain financial assets are valued based on their last traded price with fair value adjustment factors provided by an independent price vendor. Fair value of those financial assets is determined using observable market data and such financial assets are classified as Level 2.

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Funds use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent ordinary transactions between market participants, reference to other instruments that are substantially the same, discounted cash flow analysis, options pricing models and other valuation techniques commonly used by market participants.

Franklin Select Global Multi-Asset Income Fund's investments in the Underlying Funds are subject to the terms and conditions of the Underlying Funds' constitutional documents. The investments in the Underlying Funds are valued at fair value which are based on the latest net asset value or market price of the Underlying Funds' redeemable units, as the case maybe.

2.7 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy have occurred at the date of the event or change in circumstances that caused the transfer.

2.8 Income and expenses

(a) Dividend income

Dividend income is recognised in the statement of comprehensive income when the right to receive payment is established.

(b) Interest income

Interest income is recognised in the statement of comprehensive income on a time-proportion basis using the effective interest method.

(c) Other income

Other income is recognised in the statement of comprehensive income on an accrual basis.

(d) Expenses

Expenses are recognised in the statement of comprehensive income on an accrual basis.

(e) Preliminary expenses

Preliminary expenses are recognised as an expense in the year in which they are incurred.

2.9 Taxation

No provision for Hong Kong profits tax has been made as the Funds were authorised as collective investment schemes under Section 104 of the Hong Kong Securities and Futures Ordinance and hence their profits are excluded from the charge to profits tax under Section 26A of the Inland Revenue Ordinance.

The Funds may incur withholding taxes on certain investment income. Such income is recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are shown as a separate item in the statement of comprehensive income.

2.10 Proceeds and payments on subscription and redemption of units

The net asset values of the Funds are computed for each dealing day. Prices for subscriptions and redemptions of units are calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

Units in the Funds are classified as liabilities in the statements of financial position. This represents the price at which the unitholders can redeem the units.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Summary of significant accounting policies (continued)

2.11 Distributions payable to unitholders

Proposed distributions to unitholders are recognised in the statement of comprehensive income as finance cost when they are appropriately approved by the Manager.

The Manager may at its discretion determine to pay out of income or capital in respect of the distribution of the Funds.

2.12 Receivables

Receivables are initially recorded at fair value, and subsequently carried at amortised cost using the effective interest method. These are short term in nature and the carrying amounts approximate the fair values.

2.13 Cash and cash equivalents

Cash and cash equivalents includes deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.14 Due from and due to brokers

Amounts due from and due to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the year end date respectively. The due from brokers balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Funds shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The amounts due from and due to brokers are short term in nature and the carrying amounts approximate the fair values.

2.15 Accrued expenses

Accrued expenses are recognised initially at fair value, and subsequently stated at amortised cost using the effective interest method. These are short term in nature and the carrying amounts approximate the fair values.

2.16 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

2.17 Collateral

Cash collateral provided by Franklin Select Global Multi-Asset Income Fund is identified in the statement of financial position as margin cash and is not included as a component of cash and cash equivalents. For collateral other than cash, if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral, Franklin Select Global Multi-Asset Income Fund classifies that asset in its statement of financial position separately from other assets and identifies the asset as pledged collateral. Where the party to whom the collateral is provided does not have the right to sell or re-pledge, a disclosure of the collateral provided is made in the notes to the financial statements.

2.18 Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and security exchanges, and transfer taxes and duties. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Financial risk management

The Funds' activities expose it to a variety of financial risks: market risk (including market price risk, currency risk and interest rate risk), credit risk and liquidity risk.

Risks arising from holding financial instruments are inherent in the Funds' activities and are managed through a process of ongoing identification, measurement and monitoring. The risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Funds from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date and risk management policies employed are disclosed in Notes 3.1 to 3.5.

Risks associated with Underlying Funds

Franklin Select Global Multi-Asset Income Fund's investments in the Underlying Funds are subject to the terms and conditions of the Underlying Funds' offering documentation and is susceptible to market price risk arising from uncertainties about future values of the Underlying Funds.

The right of the sub-fund to request redemption of its investments in the Underlying Funds are on a daily basis. The exchange traded funds are listed on stock exchanges and can be traded daily.

The exposure to the investments in the Underlying Funds at fair value by strategy employed is disclosed in the following tables. These investments are included under "Investments" in the statement of financial position.

31 December 2020	Strategy	Net asset value of the Underlying Funds USD	Investment fair value USD	% of net assets attributable to holders of redeemable units
QUOTED INVESTMENT FUNDS				
Franklin High Yield Fund*	Fixed income - high yield	1,374,007,007	165,911	1.54
Templeton Emerging Markets Bond Fund*	Emerging markets bonds	5,452,161,160	385,676	3.59
EXCHANGE TRADED FUNDS				
Franklin LibertyQ Emerging Markets UCITS ETF*	Emerging markets - equities	42,218,213	428,906	3.99
Franklin LibertyQ European Dividend UCITS ETF*	European equities	17,256,578	162,885	1.51
Franklin LibertyQ European Equity UCITS ETF*	European equities	6,715,448	314,789	2.93
Franklin LibertyQ Global Dividend UCITS ETF*	Global equities	28,744,529	819,096	7.61
HSBC MSCI WORLD UCITS ETF	Global equities	2,363,880,191	628,551	5.84
iShares China CNY Bond UCITS ETF	China bonds	4,133,370,422	166,002	1.54
iShares Core Global Aggregate Bond UCITS ETF	Global bonds	2,078,984,845	689,516	6.41
iShares Global Corporate Bond UCITS ETF	Global corporate bonds	1,360,302,414	590,158	5.49
iShares International Treasury Bond ETF	Treasury bonds	1,186,206,000	590,658	5.49
Vanguard Total International Bond ETF	Global bonds	37,296,445,105	962,504	8.95
LISTED REAL ESTATE INVESTMENT TRUSTS ("REITS")				
American Tower Corp.	Properties	104,732,183,887**	13,468	0.13
Gecina SA	Properties	9,442,487,538#	4,821	0.04
Goodman Group	Properties	18,734,835,736#	9,852	0.09
Public Storage	Properties	40,700,342,879^	12,701	0.12

* These Underlying Funds are managed by related companies of the Manager within the same group.

** Latest available information as at 22 October 2020.

Latest available information as at 30 June 2020.

^ Latest available information as at 2 November 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Financial risk management (continued)

Risks associated with Underlying Funds (continued)

31 December 2019	Strategy	Net asset value of the Underlying Funds USD	Investment fair value USD	% of net assets attributable to holders of redeemable units
QUOTED INVESTMENT FUNDS				
Franklin High Yield Fund*	Fixed income - high yield	1,548,201,468	292,252	1.51
Templeton Emerging Markets Bond Fund*	Emerging markets bonds	9,813,652,990	1,391,846	7.18
EXCHANGE TRADED FUNDS				
Franklin LibertyQ Emerging Markets UCITS ETF*	Emerging markets - equities	62,364,836	587,142	3.03
Franklin LibertyQ European Equity UCITS ETF*	European equities	8,482,841	684,057	3.53
Franklin LibertyQ Global Dividend UCITS ETF*	Global equities	22,371,046	1,557,071	8.03
HSBC MSCI WORLD UCITS ETF	Global equities	1,655,059,897	175,437	0.91
iShares Core Global Aggregate Bond UCITS ETF	Global bonds	3,276,426,086	1,746,093	9.01
iShares Global Corporate Bond UCITS ETF	Global corporate bonds	2,018,113,058	1,749,559	9.03
Vanguard Total International Bond ETF	Global bonds	144,600,000,000	1,696,721	8.76
LISTED REAL ESTATE INVESTMENT TRUSTS ("REITS")				
American Tower Corp.	Properties	101,784,979,800	29,417	0.15
CapitaLand Mall Trust	Properties	6,745,801,001	7,132	0.04
Dexus	Properties	9,000,693,981	10,065	0.05
Equity Lifestyle Properties Inc.	Properties	12,817,286,592	16,471	0.08
Fibra Uno Administracion SA de CV	Properties	6,078,700,701	6,499	0.03
Goodman Group	Properties	17,167,347,555	9,784	0.05
Mirvac Group	Properties	8,774,155,705	9,099	0.05
Public Storage	Properties	37,144,188,250	45,148	0.23
Simon Property Group Inc.	Properties	47,732,035,734	31,728	0.17
Vornado Realty Trust	Properties	12,700,547,521	14,431	0.08

* These Underlying Funds are managed by related companies of the Manager within the same group.

The sub-fund's holding in the Underlying Funds, as a percentage of the Underlying Funds' total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the Underlying Funds level. It is possible that the sub-fund may, at any point in time, hold a majority of the Underlying Funds' total units in issue.

The Franklin Select Global Multi-Asset Income Fund's maximum exposure to loss from its interests in the Underlying Funds are equal to the total fair value of its investments in the Underlying Funds.

Once the sub-fund has disposed of its units in the Underlying Funds, the sub-fund ceases to be exposed to any risk from the Underlying Funds.

The sub-fund's investment strategy is stated in Note 1. Total purchases in the Underlying Funds during the year ended 31 December 2020 were USD7,047,858.24 (2019: USD24,560,065). As at 31 December 2020, there were no capital commitment obligation and no amount due to the Underlying Funds for unsettled purchase (2019: Nil).

During the year ended 31 December 2020, total net loss derived from investments in the Underlying Funds was USD604,052 (2019: net loss of USD250,335).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Financial risk management (continued)

3.1 Market risk

Information on the total fair value of financial instruments exposed to risk, as well as compliance with the established investment guidelines as defined in the Explanatory Memorandum, is monitored by the Manager. These investment guidelines reflect the strategy and market environment of the Funds, as well as the acceptable risk levels. In order to avoid excessive concentration of risk, the Manager monitors the exposure to ensure concentration of risk remains within acceptable levels. The Manager either reduces exposure or uses derivative instruments to manage excessive risk concentrations when they arise.

Although the Manager does not manage the Franklin Select Global Multi-Asset Income Fund based on specific risk exposures of the Underlying Funds, the sub-fund is exposed to various risks, including market price risk, currency risk, interest rate risk, liquidity risk and credit risk, through the investments of the Underlying Funds.

(a) Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Funds might suffer through holding market positions in the face of price movements. The Funds' market positions are being monitored by the Manager on a daily basis. The risk is minimised through selection of securities in accordance with the investment guidelines and investment strategies.

Value-at-risk ("VaR")

One of the principal tools used to monitor market risk exposure is VaR; which estimates the probability of portfolio losses based on the statistical analysis of historical price trends and volatilities, taking into account inter-relationships between different markets and rates, for example between interest rates and foreign exchange rates. The Fund tracks VaR as a percentage of net asset value ("NAV"), taking into account its portfolio, cash and outstanding trade positions, on a 20-day holding period at a 99% confidence level.

For the years ended 31 December 2020 and 2019, MSCI Barra risk factor model and Bloomberg PORT risk factor model outputs were used to forecast the ex-ante Monte Carlo VaR at 99% confidence level over a 20-day horizon.

The Manager recognises that while VaR is a valuable guide to risk, it has its limitations. The use of historical data to derive correlations may not encompass all potential events, particularly events which may be extreme in nature. In addition, both the size and probability of actual portfolio losses can differ significantly from the losses predicted by VaR. As a result, VaR may be under-estimated or over-estimated due to the assumptions placed on the risk factors and the relationship between such factors.

Using VaR, the market risk of the Funds have been computed using a 20-day holding period at 99% as follows:

	31 December 2020		31 December 2019	
	%	USD	%	USD
Templeton Select Global Equity Fund	15.929	1,030,876	7.593	440,958
Franklin Select Global Multi-Asset Income Fund	7.180	767,006	3.673	719,129

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Financial risk management (continued)

3.1 Market risk (continued)

(a) Market price risk (continued)

As at year end, the overall market exposures for the Funds were as follows:

Templeton Select Global Equity Fund

	31 December 2020		31 December 2019	
	Fair value USD	% of net assets	Fair value USD	% of net assets
Listed Equities				
Canada	120,520	1.87	150,711	2.60
China	110,865	1.72	204,519	3.53
Denmark	—	—	73,539	1.27
France	141,984	2.20	459,364	7.94
Germany	721,124	11.20	592,548	10.24
Hong Kong	133,913	2.08	140,487	2.43
India	77,964	1.21	—	—
Ireland	—	—	98,685	1.71
Italy	—	—	190,709	3.29
Japan	1,176,285	18.27	713,142	12.32
Luxembourg	—	—	98,253	1.70
Netherlands	127,208	1.98	121,323	2.10
Norway	—	—	65,381	1.13
Singapore	—	—	51,983	0.90
South Korea	303,992	4.72	274,941	4.75
Switzerland	211,765	3.29	45,754	0.79
Taiwan	226,953	3.52	—	—
United Kingdom	—	—	851,645	14.71
United States of America	2,819,277	43.78	1,359,762	23.49
Total Investments	6,171,850	95.84	5,492,746	94.90

Franklin Select Global Multi-Asset Income Fund

	31 December 2020		31 December 2019	
	Fair value USD	% of net assets	Fair value USD	% of net assets
Quoted Investment Funds				
Luxembourg	551,587	5.13	1,684,098	8.69
Exchange Traded Funds				
China	166,002	1.54	—	—
Ireland	3,633,901	33.78	6,499,359	33.54
United States of America	1,553,162	14.44	1,696,721	8.76
Listed Real Estate Investment Trusts ("REITs")				
Australia	9,852	0.09	28,948	0.15
France	4,821	0.04	—	—
Mexico	—	—	6,499	0.03
Singapore	—	—	7,132	0.04
United States of America	26,169	0.25	137,195	0.71
Listed Equities				
Australia	59,496	0.55	252,281	1.30
Belgium	—	—	6,811	0.03

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Financial risk management (continued)

3.1 Market risk (continued)

(a) Market price risk (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

	31 December 2020		31 December 2019	
	Fair value USD	% of net assets	Fair value USD	% of net assets
Listed Equities (continued)				
Brazil	24,804	0.23	32,875	0.17
Canada	95,192	0.88	157,252	0.81
China	222,010	2.06	153,463	0.79
Denmark	34,332	0.32	56,668	0.29
Finland	7,822	0.07	21,603	0.11
France	77,757	0.72	154,684	0.80
Germany	82,562	0.77	92,416	0.48
Hong Kong	28,633	0.27	50,711	0.26
India	36,326	0.34	—	—
Indonesia	7,474	0.07	—	—
Ireland	3,695	0.03	—	—
Israel	18,507	0.17	7,186	0.04
Italy	24,386	0.23	32,594	0.17
Japan	283,862	2.64	421,104	2.17
Mexico	6,346	0.06	20,084	0.11
Netherlands	49,964	0.46	102,649	0.53
New Zealand	4,727	0.04	—	—
Norway	5,061	0.05	—	—
Qatar	4,315	0.04	—	—
Russia	3,880	0.04	—	—
Singapore	4,632	0.04	8,398	0.04
South Africa	—	—	8,044	0.04
South Korea	87,271	0.81	61,186	0.32
Spain	22,748	0.21	88,182	0.45
Sweden	30,515	0.28	74,661	0.38
Switzerland	115,661	1.08	255,808	1.32
Taiwan	64,092	0.60	24,573	0.13
Thailand	6,457	0.06	11,448	0.06
United Arab Emirates	—	—	9,920	0.05
United Kingdom	70,253	0.65	284,284	1.47
United States of America	2,029,715	18.87	4,110,120	21.21
Quoted Fixed Income Securities				
United States of America	1,011,092	9.40	2,502,754	12.91
Total Investments	10,469,081	97.31	19,061,711	98.36
Futures				
Japan	(3,036)	(0.03)	(2,236)	(0.01)
United Kingdom	(1,122)	(0.01)	—	—
United States of America	—	—	5,356	0.03
Total Futures	(4,158)	(0.04)	3,120	0.02

There were no individual investments with market value exceeding 10% of the Funds' net asset value at 31 December 2020 and 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Financial risk management (continued)

3.1 Market risk (continued)

(a) Market price risk (continued)

The tables below summarise the sector allocation with concentrations exceeding 10% of the Funds' net asset value at 31 December 2020 and/or 2019.

Templeton Select Global Equity Fund

	2020	2019
Sector Allocation	% of net assets	% of net assets
Communication Services	8.05	13.28
Consumer Discretionary	15.18	2.53
Energy	1.21	13.18
Financials	8.79	15.25
Health Care	11.43	15.88
Industrials	12.65	6.92
Information Technology	26.58	4.78
Materials	10.07	7.35

Franklin Select Global Multi-Asset Income Fund

	2020	2019
Sector Allocation	% of net assets	% of net assets
Financials	59.15	55.14
U.S. Government Securities	9.40	12.91

(b) Currency risk

The Funds hold assets and liabilities denominated in currencies other than the USD, the functional currency. The Funds are therefore exposed to currency risk, as the values of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

The Manager monitors the Funds' currency risk position on a daily basis and may enter into forward foreign exchange contracts to minimise the foreign exchange risk arising from the purchase or sale of foreign securities from the trade date to settlement date.

The outstanding forward foreign exchange contracts at the year end are disclosed in Note 4. The risks of these contracts include movements in the values of the foreign currencies relative to the USD and the possible inability of the counterparties to fulfill their obligations under the contracts, which may be in excess of the amount reflected in the statement of financial position.

The following tables summarise the Funds' net exposure, monetary and non-monetary, which are denominated in the currencies other than USD and Hong Kong dollar, which are pegged within a narrow range, as at year end.

Templeton Select Global Equity Fund

	Monetary USD	Non-monetary USD
As at 31 December 2020		
CAD	—	120,520
CHF	—	211,765
CNH	2,104,326	—
CNY	—	110,865
EUR	—	863,108
JPY	49	1,176,285
KRW	953	303,992
TWD	853	226,953

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Financial risk management (continued)

3.1 Market risk (continued)

(b) Currency risk (continued)

Templeton Select Global Equity Fund (continued)

	Monetary USD	Non-monetary USD
As at 31 December 2019		
CAD	237	150,711
CHF	—	45,754
CNH	1,798,236	—
DKK	—	73,539
EUR	—	1,701,874
GBP	2,723	657,852
JPY	2,264	713,142
KRW	2,559	218,264
NOK	—	65,381
SGD	1,041	51,983
	<u>1,041</u>	<u>51,983</u>

Franklin Select Global Multi-Asset Income Fund

	Monetary USD	Non-monetary USD
As at 31 December 2020		
AUD	54	52,409
BRL	(678)	24,804
CAD	254	95,192
CHF	—	115,661
CNH	2,953,389	—
CNY	(39)	30,621
DKK	—	34,332
EUR	1,779	751,430
GBP	(1,153)	87,192
IDR	—	7,474
ILS	—	9,336
INR	(465)	36,326
JPY	(2,660)	283,862
KRW	1,058	87,271
MXN	—	6,346
NOK	—	5,061
NZD	—	4,727
QAR	—	4,315
RUB	—	3,880
SEK	—	30,515
SGD	—	9,212
THB	—	6,457
TWD	142	64,092
	<u>142</u>	<u>64,092</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Financial risk management (continued)

3.1 Market risk (continued)

(b) Currency risk (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

	Monetary USD	Non-monetary USD
As at 31 December 2019		
AED	—	9,920
AUD	359	222,543
BRL	148	32,875
CAD	406	157,252
CHF	—	255,808
CNH	5,611,266	—
DKK	—	56,668
EUR	(6,805)	1,202,202
GBP	496	323,764
ILS	—	7,186
JPY	(2,236)	421,104
KRW	1,591	61,186
MXN	—	26,583
SEK	—	74,661
SGD	—	15,530
THB	—	11,448
TWD	—	24,573
ZAR	—	8,044

Foreign currency risk, as defined in HKFRS 7, arises as the value of future transactions, recognised monetary assets and liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. HKFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk, not foreign currency risk. However, the Manager monitors the exposure on all foreign currency denominated assets and liabilities. The sensitivity analysis of currency risk is covered under VaR analysis in Note 3.1 (a).

(c) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or fair values of financial instruments. The Franklin Select Global Multi-Asset Income Fund invests in interest-bearing securities, as dictated by its investment objectives. The sub-fund is exposed to risks associated with fluctuations in market interest rates which could result in an increase or decrease in the value of the securities held. The Manager monitors overall interest sensitivity on a daily basis.

The Templeton Select Global Equity Fund does not hold interest-bearing securities, hence it is not subject to significant interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Financial risk management (continued)

3.1 Market risk (continued)

(c) Interest rate risk (continued)

The tables below summarise the interest rate risk exposure in the Franklin Select Global Multi-Asset Income Fund. It includes the sub-fund's assets and liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates.

Franklin Select Global Multi-Asset Income Fund

	Less than 1 month USD	1 to 12 months USD	More than 1 year USD	Non-interest bearing USD	Total USD
As at 31 December 2020					
Assets					
Investments	—	105,720	905,372	9,457,989	10,469,081
Financial derivative instruments	—	—	—	5,359	5,359
Dividends, interest and other accounts receivable	—	—	—	14,739	14,739
Due from brokers	—	—	—	247,624	247,624
Management fee rebates receivable	—	—	—	681	681
Margin cash	15,591	—	—	—	15,591
Cash and cash equivalents	197,274	—	—	—	197,274
Total assets	212,865	105,720	905,372	9,726,392	10,950,349
Liabilities					
Financial derivative instruments	—	—	—	4,768	4,768
Amounts payable on redemption	—	—	—	140,102	140,102
Other accounts payable	—	—	—	47,481	47,481
Total liabilities	—	—	—	192,351	192,351
Total interest sensitivity gap	212,865	105,720	905,372		
	Less than 1 month USD	1 to 12 months USD	More than 1 year USD	Non-interest bearing USD	Total USD
As at 31 December 2019					
Assets					
Investments	—	877,555	1,625,199	16,558,957	19,061,711
Financial derivative instruments	—	—	—	38,411	38,411
Dividends, interest and other accounts receivable	—	—	—	28,444	28,444
Margin cash	13,845	—	—	—	13,845
Cash and cash equivalents	467,061	—	—	—	467,061
Total assets	480,906	877,555	1,625,199	16,625,812	19,609,472
Liabilities					
Financial derivative instruments	—	—	—	2,236	2,236
Due to brokers	—	—	—	7,266	7,266
Amounts payable on redemption	—	—	—	173,209	173,209
Other accounts payable	—	—	—	48,235	48,235
Total liabilities	—	—	—	230,946	230,946
Total interest sensitivity gap	480,906	877,555	1,625,199		

Cash and cash equivalents held in the Funds are also subject to interest rate risk. However, the exposure to interest rate risk is considered immaterial as the cash and cash equivalents are short-term in nature. The sensitivity analysis of interest rate risk is covered under VaR analysis in Note 3.1 (a).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Financial risk management (continued)

3.2 Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities. The Funds are exposed to daily cash redemption of units. Therefore, assets of the Funds are mainly invested in securities which are traded in active markets and can be readily disposed of. The Manager is entitled to limit the number of units redeemed on each dealing day to 10% of the total value of units in issue. In addition, sufficient cash and cash equivalents are maintained to meet normal operating requirements.

The following tables analyse the financial assets and liabilities for the Funds into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flow. Balances due within 12 months approximate their carrying balances, as the impact of discounting is not significant.

Templeton Select Global Equity Fund

	Less than 1 month USD	1-12 months USD	Total USD
31 December 2020			
Assets			
Current assets			
Investments	6,171,850	—	6,171,850
Financial derivative instruments	3,764	—	3,764
Dividends and other accounts receivable	1,935	1,013	2,948
Cash and cash equivalents	296,078	—	296,078
Total assets	<u>6,473,627</u>	<u>1,013</u>	<u>6,474,640</u>
Liabilities			
Current liabilities			
Other accounts payable	9,415	25,675	35,090
Net assets attributable to unitholders	6,439,550	—	6,439,550
Total liabilities	<u>6,448,965</u>	<u>25,675</u>	<u>6,474,640</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Financial risk management (continued)

3.2 Liquidity risk (continued)

Templeton Select Global Equity Fund (continued)

	Less than 1 month USD	1-12 months USD	Total USD
31 December 2019			
Assets			
Current assets			
Investments	5,492,746	—	5,492,746
Financial derivative instruments	10,238	—	10,238
Dividends and other accounts receivable	1,291	9,288	10,579
Cash and cash equivalents	304,439	—	304,439
Total assets	5,808,714	9,288	5,818,002
Liabilities			
Current liabilities			
Other accounts payable	8,604	21,298	29,902
Net assets attributable to unitholders	5,788,100	—	5,788,100
Total liabilities	5,796,704	21,298	5,818,002

Franklin Select Global Multi-Asset Income Fund

	Up to 1 year USD	1 to 5 years USD	More than 5 years USD	Total USD
31 December 2020				
Assets				
Current assets				
Investments	9,457,989	323,693	687,399	10,469,081
Financial derivative instruments	5,359	—	—	5,359
Dividends, interest and other accounts receivable	14,739	—	—	14,739
Due from brokers	247,624	—	—	247,624
Management fee rebates receivable	681	—	—	681
Margin cash	15,591	—	—	15,591
Cash and cash equivalents	197,274	—	—	197,274
Total assets	9,939,257	323,693	687,399	10,950,349
Liabilities				
Current liabilities				
Financial derivative instruments	4,768	—	—	4,768
Amounts payable on redemption	140,102	—	—	140,102
Other accounts payable	47,481	—	—	47,481
Net assets attributable to unitholders	10,757,998	—	—	10,757,998
Total liabilities	10,950,349	—	—	10,950,349

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Financial risk management (continued)

3.2 Liquidity risk (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

	Up to 1 year USD	1 to 5 years USD	More than 5 years USD	Total USD
31 December 2019				
Assets				
Current assets				
Investments	17,436,512	377,593	1,247,606	19,061,711
Financial derivative instruments	38,411	—	—	38,411
Dividends, interest and other accounts receivable	28,444	—	—	28,444
Margin cash	13,845	—	—	13,845
Cash and cash equivalents	467,061	—	—	467,061
Total assets	17,984,273	377,593	1,247,606	19,609,472
Liabilities				
Current liabilities				
Financial derivative instruments	2,236	—	—	2,236
Due to brokers	7,266	—	—	7,266
Amounts payable on redemption	173,209	—	—	173,209
Other accounts payable	48,235	—	—	48,235
Net assets attributable to unitholders	19,378,526	—	—	19,378,526
Total liabilities	19,609,472	—	—	19,609,472

Units are redeemed on demand at unitholder's option. However, the Management does not envisage that contractual maturity disclosed in the table above will be representative of the actual cash outflows, as the unitholders typically retain their units for the medium term. The table below summarises the number of unitholders who held more than 10% of the Funds' net assets attributable to unitholders as at 31 December 2020 and 2019:

	2020 Number of unitholders	2019 Number of unitholders
Templeton Select Global Equity Fund	1	1
Franklin Select Global Multi-Asset Income Fund	2	3

3.3 Credit risk

This relates to the risk that an issuer or counterparty is unable or unwilling to meet a commitment or obligation it has entered into with the Funds. The Funds are exposed to credit risk on its investments in debt securities and balances with banks and brokers. Impairment provisions are made for losses that have been incurred by the reporting date, if any.

All transactions in listed/quoted securities are settled on a delivery versus payment basis using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made when the Funds' custodian banks have received payments. For a purchase, payments are made once the securities have been received by the Funds' custodian bank. The trade will fail if either party fails to meet its obligation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Financial risk management (continued)

3.3 Credit risk (continued)

The Funds only buy and sell securities through brokers who have been approved as an acceptable counterparty according to the Manager's internal counterparty credit review procedures. The Funds measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2020, all investments, amounts due from brokers, financial derivative instruments, margin cash and cash and cash equivalents are held with counterparties with a Moody's credit rating of A2 (2019: A2) or higher. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds.

Investments in Underlying Funds are managed by reputable investment managers that have passed the review process of the Manager.

The table below summarises the credit ratings of the issuers of the fixed income securities held as a percentage of net assets attributable to unitholders.

Franklin Select Global Multi-Asset Income Fund

Portfolio by rating category	2020	2019
Standard & Poor's / Moody's Rating		
AA+/Aa1	9.40%	12.91%

The maximum exposure to credit risks at 31 December 2020 and 2019 is the carrying amount of the financial assets.

3.4 Capital risk management

The capital of the Funds is represented by the net assets attributable to unitholders which is presented in the statement of financial position. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily subscriptions and redemptions at the discretion of unitholders.

The Funds' objectives when managing capital are to safeguard the Funds' ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders; and to maintain a strong capital base to support the development of the investment activities of the Funds. The Manager monitors capital on the basis of the net asset value and the subscriptions and redemptions of the Funds.

3.5 Fair value estimation

The fair value of financial assets and financial liabilities traded in active markets are based on quoted market prices at the close of trading on the year end date. The Funds used the last traded market price as their fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker and industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Funds for similar financial instruments.

HKFRS 13 requires the Funds to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Financial risk management (continued)

3.5 Fair value estimation (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Funds. The Funds consider observable data to be that market data that are readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables analyse, within the fair value hierarchy, the Funds’ investments measured at fair value as at year end:

Templeton Select Global Equity Fund

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2020				
Assets				
Equity securities	3,067,005	3,104,845	—	6,171,850
Forward foreign exchange contracts	—	3,764	—	3,764
	<u>3,067,005</u>	<u>3,108,609</u>	<u>—</u>	<u>6,175,614</u>

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2019				
Assets				
Equity securities	5,492,746	—	—	5,492,746
Forward foreign exchange contracts	—	10,238	—	10,238
	<u>5,492,746</u>	<u>10,238</u>	<u>—</u>	<u>5,502,984</u>

Franklin Select Global Multi-Asset Income Fund

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2020				
Assets				
Quoted investment funds	—	551,587	—	551,587
Exchange traded funds	2,408,680	2,944,385	—	5,353,065
Real estate investment trusts	26,169	14,673	—	40,842
Equity securities	2,197,087	1,315,347	61	3,512,495
Fixed income securities	—	1,011,092	—	1,011,092
Forward foreign exchange contracts	—	5,359	—	5,359
	<u>4,631,936</u>	<u>5,842,443</u>	<u>61</u>	<u>10,474,440</u>
Liabilities				
Forward foreign exchange contracts	—	610	—	610
Futures contracts	4,158	—	—	4,158
	<u>4,158</u>	<u>610</u>	<u>—</u>	<u>4,768</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Financial risk management (continued)

3.5 Fair value estimation (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2019				
Assets				
Quoted investment funds	—	1,684,098	—	1,684,098
Exchange traded funds	8,196,080	—	—	8,196,080
Real estate investment trusts	179,774	—	—	179,774
Equity securities	6,499,005	—	—	6,499,005
Fixed income securities	—	2,502,754	—	2,502,754
Forward foreign exchange contracts	—	33,055	—	33,055
Futures contracts	5,356	—	—	5,356
	<u>14,880,215</u>	<u>4,219,907</u>	<u>—</u>	<u>19,100,122</u>
Liabilities				
Futures contracts	2,236	—	—	2,236
	<u>2,236</u>	<u>—</u>	<u>—</u>	<u>2,236</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities, fixed income securities, funds, futures and options. The Funds do not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As such, Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Level 2 investments may also include securities whose last traded prices have been adjusted by fair value adjustment factors provided by an independent price vendor.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. As observable prices are not available for these securities, these securities use valuation techniques to derive the fair value.

As at 31 December 2020 and 2019, Templeton Select Global Equity Fund did not have investments classified within Level 3.

As at 31 December 2020, Franklin Select Global Multi-Asset Income Fund held an equity security which was classified under Level 3. The valuation of the equity security was based on the terms of the spin-off with adjustment for the distribution ratio.

The following table presents the movement in the Level 3 instrument in Franklin Select Global Multi-Asset Income Fund for the year ended 31 December 2020.

	2020 USD
Opening balance	—
Acquisition from spin-off	<u>61</u>
Closing balance	<u>61</u>
Total gain/loss for the year included in statement of comprehensive income for investments held at the end of the year	<u>—</u>

As at 31 December 2019, Franklin Select Global Multi-Asset Income Fund did not have investments classified within Level 3.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Financial risk management (continued)

3.5 Fair value estimation (continued)

The following table presents the transfers between levels for the year ended 31 December 2020.

	Level 1 USD	Level 2 USD	Level 3 USD
Templeton Select Global Equity Fund			
Transfers between Levels 1 and 2:			
Equity Securities			
Communication Services	(369,927)	369,927	—
Consumer Discretionary	(323,522)	323,522	—
Consumer Staples	(223,821)	223,821	—
Energy	(90,627)	90,627	—
Financials	(78,693)	78,693	—
Health Care	(548,334)	548,334	—
Industrials	(403,833)	403,833	—
Information Technology	(249,266)	249,266	—
Materials	(172,741)	172,741	—
Real Estate	(84,683)	84,683	—
Utilities	(89,179)	89,179	—
Franklin Select Global Multi-Asset Income Fund			
Transfers between Levels 1 and 2:			
Real estate investment trusts	(28,160)	28,160	—
Equity Securities			
Communication Services	(165,659)	165,659	—
Consumer Discretionary	(125,695)	125,695	—
Consumer Staples	(80,026)	80,026	—
Energy	(21,003)	21,003	—
Financials	(184,963)	184,963	—
Health Care	(262,173)	262,173	—
Industrials	(130,849)	130,849	—
Information Technology	(150,572)	150,572	—
Materials	(120,081)	120,081	—
Real Estate	(12,968)	12,968	—
Utilities	(70,140)	70,140	—

The equity securities and real estate investment trusts that were transferred out of Level 1 to Level 2 relate to positions whose last traded prices were adjusted by fair value adjustment factors.

For the year ended 31 December 2019 there were no transfers of financial instruments between levels.

The assets and liabilities, except investments and financial derivative instruments, included in the statement of financial position are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Financial derivative instruments

Financial derivative instruments as at year end comprises unrealised gain/(loss) on forward foreign exchange contracts and future contracts.

	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
	2020 USD	2019 USD	2020 USD	2019 USD
Assets				
Current assets				
Financial derivative instruments				
- Forward foreign exchange contract	3,764	10,238	5,359	33,055
- Futures contract	—	—	—	5,356
Total	<u>3,764</u>	<u>10,238</u>	<u>5,359</u>	<u>38,411</u>
Liabilities				
Current liabilities				
Financial derivative instruments				
- Forward foreign exchange contract	—	—	610	—
- Futures contract	—	—	4,158	2,236
Total	<u>—</u>	<u>—</u>	<u>4,768</u>	<u>2,236</u>

Templeton Select Global Equity Fund

The outstanding forward foreign exchange contracts as at the year end date are as follows:

31 December 2020	Contracts to Buy/(Sell)	Contract Amount USD	Settlement Date	Unrealised Gain USD
CNH	2,159,364	330,992	20-Jan-21	626
CNH	1,687,942	258,601	20-Jan-21	620
CNH	1,470,566	225,294	20-Jan-21	544
CNH	1,541,274	236,261	20-Jan-21	436
CNH	1,238,691	189,830	20-Jan-21	399*
CNH	1,459,106	223,775	20-Jan-21	303
CNH	1,096,007	168,038	20-Jan-21	278
CNH	1,149,109	176,206	20-Jan-21	264
CNH	1,161,649	178,183	20-Jan-21	214
CNH	411,705	63,147	20-Jan-21	80
Unrealised gain on forward foreign exchange contracts				<u>3,764</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Financial derivative instruments (continued)

Templeton Select Global Equity Fund (continued)

31 December 2019	Contracts to Buy/(Sell)	Contract Amount USD	Settlement Date	Unrealised Gain USD
CNH	1,677,782	239,448	21-Jan-20	1,442
CNH	1,454,979	207,648	21-Jan-20	1,252
CNH	1,455,587	207,825	21-Jan-20	1,162
CNH	1,412,406	201,643	21-Jan-20	1,145
CNH	1,380,609	197,111	21-Jan-20	1,111
CNH	1,135,993	162,033	21-Jan-20	1,069*
CNH	1,397,905	199,664	21-Jan-20	1,042
CNH	1,096,007	156,453	21-Jan-20	908
CNH	914,641	130,632	21-Jan-20	689
CNH	411,705	58,778	21-Jan-20	333
CNH	258,293	37,000	21-Jan-20	85

Unrealised gain on forward foreign exchange contracts

10,238

* The counterparty of these outstanding forward foreign exchange contracts is a related party of the Trustee. Refer to Note 5(h) for details.

Franklin Select Global Multi-Asset Income Fund

The outstanding forward foreign exchange contracts as at the year end date are as follows:

31 December 2020	Contracts to Buy/(Sell)	Contract Amount USD	Settlement Date	Unrealised Gain USD
CNH	3,348,540	513,012	20-Jan-21	1,230
CNH	2,873,697	440,394	20-Jan-21	925*
CNH	2,951,137	452,378	20-Jan-21	835
CNH	2,911,299	446,424	20-Jan-21	670
CNH	3,009,758	461,589	20-Jan-21	626
CNH	2,317,025	355,404	20-Jan-21	426
CNH	1,550,559	237,703	20-Jan-21	420
CNH	559,199	85,735	20-Jan-21	142
CNH	292,653	44,887	20-Jan-21	57
CNH	96,864	14,847	20-Jan-21	28

Unrealised gain on forward foreign exchange contracts

5,359

	Contracts to Buy/(Sell)	Contract Amount USD	Settlement Date	Unrealised loss USD
CNH	(648,519)	98,984	20-Jan-21	(610)

Unrealised loss on forward foreign exchange contracts

(610)

Net unrealised gain on forward foreign exchange contracts

4,749

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Financial derivative instruments (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

31 December 2019	Contracts to Buy/(Sell)	Contract Amount USD	Settlement Date	Unrealised Gain USD
CNH	6,055,667	863,753	21-Jan-20	5,697*
CNH	6,202,055	885,515	21-Jan-20	4,953
CNH	5,568,394	794,704	21-Jan-20	4,785
CNH	5,941,997	848,347	21-Jan-20	4,783
CNH	5,056,356	721,620	21-Jan-20	4,353
CNH	3,963,573	566,091	21-Jan-20	2,984
CNH	2,317,025	330,792	21-Jan-20	1,878
CNH	2,024,791	289,203	21-Jan-20	1,509
CNH	1,550,559	221,210	21-Jan-20	1,413
CNH	559,199	79,824	21-Jan-20	463
CNH	292,653	41,781	21-Jan-20	237

Unrealised gain on forward foreign exchange contracts

33,055

* The counterparty of these outstanding forward foreign exchange contracts is a related party of the Trustee. Refer to Note 5(h) for details.

The futures held as at the year end date are as follows:

31 December 2020			Fair value
Description	Contract size	Notional Amount	USD
Nikkei 225 Mini, March, 3/11/21	(3)	JPY(7,918,500)	(3,036)
FTSE 100 Index, March, 3/19/21	1	GBP65,020	(1,122)
Unrealised loss on futures			(4,158)

31 December 2019			Fair value
Description	Contract size	Notional Amount	USD
MSCI Emerging Markets Index, March, 3/20/20	4	USD218,684	5,356
Unrealised gain on futures			5,356

			Fair value
Description	Contract size	Notional Amount	USD
Nikkei 225 Mini, March, 3/12/20	(9)	JPY(21,033,000)	(2,236)
Unrealised loss on futures			(2,236)
Net unrealised gain on futures			3,120

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Transactions with related parties including the Trustee, the Manager and their connected persons

The following is a summary of significant related party transactions/transactions entered into during the year between the Funds, the Trustee, the Manager and their connected persons. Connected persons of the Trustee and the Manager are those as defined in the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the “SFC Code”). All transactions entered into during the year were carried out in the normal course of business and on normal commercial terms. To the best of the Trustee’s and the Manager’s knowledge, the Funds do not have any other transactions with connected persons except for those disclosed below.

(a) Management fee

The Manager is entitled to receive a management fee accrued daily and payable monthly in arrears out of each of the Funds as a percentage of the net asset value of each class of units in each of the Funds as at each valuation day at the rates set out as follows, subject to a maximum fee of 3.00% per annum:

Templeton Select Global Equity Fund	Franklin Select Global Multi-Asset Income Fund
1.00%	0.85%

(b) Trustee and custody fees

The Trustee, Cititrust Limited, is entitled to receive a Trustee fee calculated at a rate of 0.04% per annum of the net asset value of each of the Funds. The Funds utilise the custodian and banking services of the Trustee’s associate, Citibank, N.A. (Hong Kong Branch).

(c) Registrar fee

The Manager, which is also the Registrar, is entitled to receive a fee up to 0.04% per annum of the respective Funds’ net asset value for registrar and transfer agent services, with the actual fee subject to certain variables. The fee shall be payable monthly in arrears.

(d) Fund administration fee

The Funds’ administrator which is the same entity as the Manager is entitled to receive fund administration fee of 0.20% per annum of the respective Funds’ net asset value. The Funds’ administration fee shall accrue daily based on the net asset value of the respective Funds and shall be payable monthly in arrears.

(e) Management fee rebates

The Franklin Select Global Multi-Asset Income Fund received rebates on the investments in the underlying funds, which are Franklin LibertyQ European Dividend UCITS ETF, Franklin LibertyQ Emerging Markets UCITS ETF, Franklin LibertyQ European Equity UCITS ETF and Franklin LibertyQ Global Dividend UCITS ETF. Such rebates may vary, depending on the value and tenure of the underlying funds held, and are based on rates agreed with the manager of the underlying funds, which is Franklin Templeton International Services S.à r.l.. Rebates are included within other income in the Statement of Comprehensive Income and management fee rebates receivable in the Statement of Financial Position.

(f) The following tables detail the related-party transactions as at year end:

Templeton Select Global Equity Fund				
	Expenses		Accruals	
	2020	2019	2020	2019
	USD	USD	USD	USD
Management fee	53,127	55,308	5,289	4,833
Trustee fee	1,978	2,066	212	193
Registrar fee	2,125	2,213	212	193
Custody fee	31,761	26,932	—	—
Fund administration fee	10,626	11,062	1,058	967
Total	99,617	97,581	6,771	6,186

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Transactions with related parties including the Trustee, the Manager and their connected persons (continued)

(f) The following tables detail the related-party transactions as at year end: (continued)

Franklin Select Global Multi-Asset Income Fund

	Expenses		Accruals	
	2020 USD	2019 USD	2020 USD	2019 USD
Management fee	117,700	243,358	7,936	13,993
Trustee fee	5,396	11,311	373	659
Registrar fee	5,539	11,452	373	658
Custody fee	74,372	98,452	—	—
Fund administration fee	27,695	57,262	1,867	3,293
Total	230,702	421,835	10,549	18,603

	Income		Receivables	
	2020 USD	2019 USD	2020 USD	2019 USD
Management fee rebates	7,611	—	681	—
Total	7,611	—	681	—

(g) Investment transactions with associates of the Trustee

	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
	2020	2019	2020	2019
Citigroup Global Markets Inc. ("Citi")				
Aggregate value of purchase and sale of securities transacted by Citi (USD)	1,583,059	306,362	2,736,449	2,337,773
% of total purchases and sales of securities during the year	12.23	6.46	6.64	1.65
Total commission paid to Citi (USD)	652	514	1,004	—
Average commission rate (%)	0.04	0.17	0.04	—
Total commission paid by the Funds (USD)	5,819	4,663	14,068	47,798

(h) The following table sets out the open forward foreign exchange contracts whose counterparty, Citibank N.A., is a connected person of the Trustee at 31 December 2020 and 2019.

	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
	2020 USD	2019 USD	2020 USD	2019 USD
Assets				
Forward foreign exchange contracts	399	1,069	925	5,697

Refer to Note 4 for details of these open forward foreign exchange contracts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Transactions with related parties including the Trustee, the Manager and their connected persons (continued)

(i) Investment transactions with Underlying Funds

The following Underlying Funds are managed by Franklin Templeton International Services S.à r.l., which is a related company of the Manager within the same group. The following table details the related-party transactions during the years ended 31 December 2020 and 2019 for Franklin Select Global Multi-Asset Income Fund:

	Purchases		Sales	
	2020 USD	2019 USD	2020 USD	2019 USD
Franklin High Yield Fund	78,013	—	197,303	5,321,257
Franklin LibertyQ European Dividend UCITS ETF	355,533	—	198,911	—
Franklin LibertyQ Emerging Markets UCITS ETF	1,073,773	580,515	1,090,305	22,063
Franklin LibertyQ European Equity UCITS ETF	182,466	675,218	493,754	18,462
Franklin LibertyQ Global Dividend UCITS ETF	803,184	1,670,310	1,388,522	147,934
Franklin U.S. Opportunities Fund	—	—	—	1,775,788
Templeton Emerging Markets Bond Fund	—	1,220,493	858,433	1,420,212
Templeton Global Equity Income Fund	—	—	—	4,209,042

Refer to Note 3 for further details on these Underlying Funds.

(j) Cash and cash equivalents

All bank balances of the Funds are held in interest bearing accounts with Citibank, N.A. (Hong Kong Branch), and are earning interest amounting to USD727 (2019: USD5,220) for Templeton Select Global Equity Fund and USD1,056 (2019: USD15,735) for Franklin Select Global Multi-Asset Income Fund for the year ended 31 December 2020.

(k) Interest in a connected person of the Trustee

The following table details the number of shares held in Citigroup Inc. at 31 December 2020 and 2019 by Templeton Select Global Equity Fund.

	Shareholding	
	2020	2019
At the beginning of the year	1,545	1,270
Purchases	200	575
Sales	(1,745)	(300)
At the end of the year	—	1,545

6 Cash and cash equivalents and margin cash

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances with original maturity of 3 months or less:

	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
	2020 USD	2019 USD	2020 USD	2019 USD
Cash at bank	296,078	304,439	197,274	467,061

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Cash and cash equivalents and margin cash (continued)

The following table summarises the pledged assets of Franklin Select Global Multi-Asset Income Fund. These pledged assets are margin cash in the statement of financial position.

	2020 USD	2019 USD
Margin cash	<u>15,591</u>	<u>13,845</u>

7 Number of units in issue and net assets attributable to unitholders

The Funds have no regulatory imposed restrictions or specific capital requirements on the subscriptions and redemptions of units. The Manager is entitled to limit the daily redemptions to 10% of the total units in issue. The relevant movements are shown in the statement of changes in net assets attributable to unitholders. In accordance with the objectives outlined in Note 1 and the financial risk management policies in Note 3, the Manager endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short term borrowings of up to 25% of the latest available net asset value of the Funds or disposal of securities where necessary.

The movements of units during the year are as follows:

Templeton Select Global Equity Fund – Class A (Acc)						
	31 December 2020			31 December 2019		
	USD	HKD	RMB-H1	USD	HKD	RMB-H1
Number of units in issue at the beginning of the year	150,561.11	1,364,475.70	1,019,365.18	154,397.78	1,364,475.70	1,030,849.56
Subscription of units	—	—	—	137.79	96.66	—
Redemption of units	(483.22)	—	—	(3,974.46)	(96.66)	(11,484.38)
Number of units in issue at the end of the year	<u>150,077.89</u>	<u>1,364,475.70</u>	<u>1,019,365.18</u>	<u>150,561.11</u>	<u>1,364,475.70</u>	<u>1,019,365.18</u>

Franklin Select Global Multi-Asset Income Fund – Class A (Mdis)						
	31 December 2020			31 December 2019		
	USD	HKD	RMB-H1	USD	HKD	RMB-H1
Number of units in issue at the beginning of the year	599,789.05	6,687,010.24	4,234,374.11	1,477,445.30	16,503,566.64	6,316,750.62
Subscription of units	44,408.50	810,885.80	286,394.05	12,294.50	1,081,477.33	718,273.72
Redemption of units	(346,323.74)	(3,537,413.37)	(2,524,392.08)	(891,746.68)	(10,950,631.48)	(2,825,440.05)
Reinvestments	1,528.76	37,018.57	21,309.72	1,795.93	52,597.75	24,789.82
Number of units in issue at the end of the year	<u>299,402.57</u>	<u>3,997,501.24</u>	<u>2,017,685.80</u>	<u>599,789.05</u>	<u>6,687,010.24</u>	<u>4,234,374.11</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

7 Number of units in issue and net assets attributable to unitholders (continued)

The following tables detail the net asset value per unit of each class of units at the year end:

Templeton Select Global Equity Fund				
	31 December 2020		31 December 2019	
	Net assets per class USD	Net asset value per unit	Net assets per class USD	Net asset value per unit
Class A (Acc) USD	1,961,078	USD13.07	1,812,884	USD12.04
Class A (Acc) HKD	2,298,138	HKD13.06	2,117,654	HKD12.09
Class A (Acc) RMB-H1	2,180,334	CNH13.91	1,857,562	CNH12.69
Net assets attributable to unitholders	<u>6,439,550</u>		<u>5,788,100</u>	

Franklin Select Global Multi-Asset Income Fund				
	31 December 2020		31 December 2019	
	Net assets per class USD	Net asset value per unit	Net assets per class USD	Net asset value per unit
Class A (Mdis) USD	2,828,573	USD9.45	5,550,138	USD9.25
Class A (Mdis) HKD	4,865,497	HKD9.44	7,973,213	HKD9.29
Class A (Mdis) RMB-H1	3,063,928	CNH9.87	5,855,175	CNH9.63
Net assets attributable to unitholders	<u>10,757,998</u>		<u>19,378,526</u>	

8 Distributions

Franklin Select Global Multi-Asset Income Fund

The sub-fund pays out distributions out of income and/or capital on a monthly basis to unitholders of all classes – A (Mdis) USD, A (Mdis) HKD and A (Mdis) RMB-H1.

The following tables summarise the income that could be used for distributions by the sub-fund:

	2020 USD	2019 USD
Net income available for distributions during the year	<u>153,575</u>	<u>51,881</u>
Undistributed income at the beginning of the year	<u>—</u>	<u>—</u>
Undistributed income at the end of the year	<u>—</u>	<u>—</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Distributions (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

The following tables summarise the distributions paid by the sub-fund:

For the year ended 31 December 2020

Class A (Mdis) USD

Distribution rate per unit	Distribution date	Distribution amount USD
USD0.039	16 January 2020	23,392
USD0.039	17 February 2020	23,808
USD0.037	16 March 2020	22,554
USD0.034	17 April 2020	19,125
USD0.036	18 May 2020	18,405
USD0.037	15 June 2020	16,046
USD0.037	16 July 2020	13,569
USD0.038	17 August 2020	14,108
USD0.039	15 September 2020	13,513
USD0.038	19 October 2020	12,808
USD0.037	16 November 2020	11,898
USD0.039	15 December 2020	12,547

Class A (Mdis) HKD

Distribution rate per unit	Distribution date	Distribution amount USD
HKD0.039	16 January 2020	32,861
HKD0.039	17 February 2020	33,958
HKD0.037	16 March 2020	32,070
HKD0.034	17 April 2020	27,361
HKD0.036	18 May 2020	29,017
HKD0.037	15 June 2020	23,248
HKD0.037	16 July 2020	22,040
HKD0.038	17 August 2020	21,218
HKD0.039	15 September 2020	22,210
HKD0.038	19 October 2020	22,332
HKD0.037	16 November 2020	21,116
HKD0.039	15 December 2020	21,166

Class A (Mdis) RMB-H1

Distribution rate per unit	Distribution date	Distribution amount USD
CNH0.043	16 January 2020	25,999
CNH0.044	17 February 2020	25,467
CNH0.042	16 March 2020	24,723
CNH0.039	17 April 2020	22,093
CNH0.042	18 May 2020	16,036
CNH0.043	15 June 2020	15,023
CNH0.045	16 July 2020	16,108
CNH0.047	17 August 2020	16,857
CNH0.049	15 September 2020	17,580
CNH0.048	19 October 2020	16,203
CNH0.048	16 November 2020	15,875
CNH0.051	15 December 2020	16,210
		<u>738,544</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Distributions (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

For the year ended 31 December 2019

Class A (Mdis) USD

Distribution rate per unit	Distribution date	Distribution amount USD
USD0.037	16 January 2019	54,665
USD0.038	20 February 2019	54,852
USD0.039	15 March 2019	55,855
USD0.039	16 April 2019	54,705
USD0.039	17 May 2019	53,547
USD0.038	18 June 2019	50,400
USD0.039	16 July 2019	49,367
USD0.039	15 August 2019	48,636
USD0.038	16 September 2019	28,375
USD0.038	17 October 2019	27,643
USD0.039	15 November 2019	24,563
USD0.039	16 December 2019	24,181

Class A (Mdis) HKD

Distribution rate per unit	Distribution date	Distribution amount USD
HKD0.037	16 January 2019	77,802
HKD0.039	20 February 2019	64,832
HKD0.039	15 March 2019	58,449
HKD0.039	16 April 2019	56,043
HKD0.039	17 May 2019	50,002
HKD0.038	18 June 2019	43,047
HKD0.040	16 July 2019	44,890
HKD0.039	15 August 2019	42,003
HKD0.039	16 September 2019	40,445
HKD0.039	17 October 2019	38,626
HKD0.039	15 November 2019	34,655
HKD0.039	16 December 2019	32,683

Class A (Mdis) RMB-H1

Distribution rate per unit	Distribution date	Distribution amount USD
CNH0.046	16 January 2019	42,433
CNH0.047	20 February 2019	40,230
CNH0.046	15 March 2019	37,108
CNH0.045	16 April 2019	36,076
CNH0.044	17 May 2019	33,570
CNH0.043	18 June 2019	32,802
CNH0.043	16 July 2019	32,341
CNH0.043	15 August 2019	30,738
CNH0.043	16 September 2019	26,848
CNH0.042	17 October 2019	25,790
CNH0.042	15 November 2019	25,760
CNH0.042	16 December 2019	25,470
		<u>1,499,432</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Soft commission arrangement

The Manager and its connected persons may effect transactions for the account of the Funds through the agency of another person with whom the Manager and its connected persons have an arrangement under which such other person agrees to pay in whole or in part for the provision of goods to and/or the supply of services to the Manager or its connected persons in consideration of the Manager or its connected persons procuring that such other person (or person connected thereto) executes transactions to be entered into for the account of the Funds.

The Manager shall procure that no such contractual arrangements are entered into unless the goods and services to be provided pursuant thereto are of demonstrable benefit to unitholders whether by assisting the Manager in its ability to manage the Funds or otherwise. Research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment related publications may be considered as beneficial to unitholders.

During the years ended 31 December 2020 and 2019, the Manager and its connected persons entered into soft commission arrangements with brokers relating to dealing in the assets of the Funds, consistent with the above.

The following table details the amounts of transactions executed and their related commissions during the year under the soft commission arrangement:

	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
	2020	2019	2020	2019
	USD	USD	USD	USD
Amounts of transactions executed	1,181,676	1,338,737	6,290,512	19,872,570
Commissions	<u>624</u>	<u>807</u>	<u>2,710</u>	<u>6,996</u>

10 Bank loans, overdrafts and other borrowings

The Funds had no bank loans, overdrafts or other borrowings as at 31 December 2020 and 2019.

11 Security lending arrangements

The Funds did not enter into any security lending arrangements during the years ended 31 December 2020 and 2019.

12 Negotiability of assets

As at 31 December 2020 and 2019, other than as disclosed in Note 6, there was no statutory or contractual requirement restricting the negotiability of the assets of the Funds.

13 Commitments

The Funds had no commitment as at 31 December 2020 and 2019.

14 Contingent liabilities

The Funds had no contingent liability as at 31 December 2020 and 2019.

INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 31 DECEMBER 2020

Templeton Select Global Equity Fund

	Holdings	Fair value (USD)	% of NAV
Investments (95.84%)			
Listed Equities (95.84%)			
Canada (1.87%)			
Wheaton Precious Metals Corp.	2,884	120,520	1.87
China (1.72%)			
SF Holding Co. Ltd.	8,200	110,865	1.72
France (2.20%)			
Air Liquide SA	866	141,984	2.20
Germany (11.20%)			
Adidas AG	378	137,524	2.13
Fresenius Medical Care AG & Co. KGaA	1,697	141,514	2.20
Infineon Technologies AG	2,995	114,380	1.78
Just Eat Takeaway.com NV	1,188	133,956	2.08
Siemens AG	1,345	193,750	3.01
Hong Kong (2.08%)			
AIA Group Ltd.	10,989	133,913	2.08
India (1.21%)			
Reliance Industries Ltd., GDR	1,430	77,964	1.21
Japan (18.27%)			
FANUC Corp.	545	134,533	2.09
Hitachi Ltd.	4,822	190,321	2.96
Nexon Co. Ltd.	2,188	67,510	1.05
Sony Corp.	1,900	191,459	2.97
Sumitomo Metal Mining Co. Ltd.	5,570	247,759	3.85
Tokyo Electron Ltd.	380	141,954	2.20
Topcon Corp.	4,800	59,737	0.93
Toyota Industries Corp.	1,800	143,012	2.22
Netherlands (1.98%)			
NXP Semiconductors NV	800	127,208	1.98
South Korea (4.72%)			
Samsung Electronics Co. Ltd.	4,077	303,992	4.72
Switzerland (3.29%)			
Roche Holding AG	608	211,765	3.29
Taiwan (3.52%)			
Taiwan Semiconductor Manufacturing Co. Ltd.	12,000	226,953	3.52

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

AS AT 31 DECEMBER 2020

Templeton Select Global Equity Fund (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (95.84%) (continued)			
Listed Equities (95.84%) (continued)			
United States of America (43.78%)			
Albemarle Corp.	938	138,374	2.15
American Express Co.	1,614	195,149	3.03
Booking Holdings Inc.	99	220,500	3.42
Comcast Corp., A	3,650	191,260	2.97
Dollar Tree Inc.	1,400	151,256	2.35
EPAM Systems Inc.	407	145,848	2.27
F5 Networks Inc.	1,010	177,699	2.76
HCA Healthcare Inc.	400	65,784	1.02
JPMorgan Chase & Co.	1,865	236,986	3.68
Medtronic PLC	1,360	159,310	2.47
The Kroger Co.	3,815	121,164	1.88
The Walt Disney Co.	1,432	259,450	4.03
United Parcel Service Inc., B	1,090	183,556	2.85
UnitedHealth Group Inc.	450	157,806	2.45
Visa Inc., A	656	143,487	2.23
Westinghouse Air Brake Technologies Corp.	2,622	191,930	2.98
Zendesk Inc.	557	79,718	1.24
Total Investments		<u>6,171,850</u>	<u>95.84</u>
Net Forward Foreign Exchange Contracts Value (Note 4)		<u>3,764</u>	<u>0.06</u>
		<u>6,175,614</u>	<u>95.90</u>
Other Net Assets		<u>263,936</u>	<u>4.10</u>
Net Assets as at 31 December 2020		<u><u>6,439,550</u></u>	<u><u>100.00</u></u>
Total Investments at cost as at 31 December 2020		<u><u>4,766,586</u></u>	

Additional Details on Financial Derivative Instruments

Forward Foreign Exchange Contracts/Underlying Assets	Counterparties	Fair Value USD
Buy CNH Sell USD	Bank of America Merrill Lynch	626
Buy CNH Sell USD	Barclays Bank PLC	436
Buy CNH Sell USD	BNP Paribas	264
Buy CNH Sell USD	Citibank NA	399
Buy CNH Sell USD	Credit Suisse International	80
Buy CNH Sell USD	Goldman Sachs Bank USA	303
Buy CNH Sell USD	HSBC Bank PLC	214
Buy CNH Sell USD	J.P. Morgan Chase Bank	620
Buy CNH Sell USD	Morgan Stanley	544
Buy CNH Sell USD	UBS AG	278

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

AS AT 31 DECEMBER 2020

Franklin Select Global Multi-Asset Income Fund

	Holdings	Fair value (USD)	% of NAV
Investments (97.31%)			
Quoted Investment Funds (5.13%)			
Luxembourg (5.13%)			
Franklin High Yield Fund	17,052	165,911	1.54
Templeton Emerging Markets Bond Fund	55,976	385,676	3.59
Exchange Traded Funds (49.76%)			
China (1.54%)			
iShares China CNY Bond UCITS ETF	31,040	166,002	1.54
Ireland (33.78%)			
Franklin LibertyQ Emerging Markets UCITS ETF	16,267	428,906	3.99
Franklin LibertyQ European Dividend UCITS ETF	5,683	162,885	1.51
Franklin LibertyQ European Equity UCITS ETF	9,388	314,789	2.93
Franklin LibertyQ Global Dividend UCITS ETF	28,629	819,096	7.61
HSBC MSCI WORLD UCITS ETF	23,348	628,551	5.84
iShares Core Global Aggregate Bond UCITS ETF	119,180	689,516	6.41
iShares Global Corporate Bond UCITS ETF	5,398	590,158	5.49
United States of America (14.44%)			
iShares International Treasury Bond ETF	10,631	590,658	5.49
Vanguard Total International Bond ETF	16,439	962,504	8.95
Listed Real Estate Investment Trusts ("REITs") (0.38%)			
Australia (0.09%)			
Goodman Group	674	9,852	0.09
France (0.04%)			
Gecina SA	31	4,821	0.04
United States (0.25%)			
American Tower Corp.	60	13,468	0.13
Public Storage	55	12,701	0.12
Listed Equities (32.64%)			
Australia (0.55%)			
AGL Energy Ltd.	432	3,988	0.04
BHP Group Ltd.	450	14,704	0.14
Fortescue Metals Group Ltd.	433	7,821	0.07
Magellan Financial Group Ltd.	88	3,645	0.03
Rio Tinto Ltd.	141	12,400	0.11
Rio Tinto PLC	225	16,938	0.16

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

AS AT 31 DECEMBER 2020

Franklin Select Global Multi-Asset Income Fund (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (97.31%) (continued)			
Listed Equities (32.64%) (continued)			
Brazil (0.23%)			
B3 SA - Brasil Bolsa Balcao	500	5,987	0.06
Itaúsa SA, pfd.	3,100	7,035	0.06
Vale SA	700	11,782	0.11
Canada (0.88%)			
B2Gold Corp.	725	4,064	0.04
Canadian National Railway Co.	184	20,241	0.19
Canadian Pacific Railway Ltd.	40	13,883	0.13
Canadian Tire Corp. Ltd., A	40	5,262	0.05
CCL Industries Inc., B	103	4,679	0.04
Constellation Software Inc.	9	11,694	0.11
Dollarama Inc.	120	4,894	0.04
Great-West Lifeco Inc.	193	4,605	0.04
Magna International Inc.	118	8,359	0.08
Ritchie Bros Auctioneers Inc.	66	4,591	0.04
Sun Life Financial Inc.	289	12,859	0.12
Topicus.com Inc.	16	61	-*
China (2.06%)			
Agricultural Bank of China Ltd., H	20,000	7,325	0.07
Alibaba Group Holding Ltd., ADR	100	23,273	0.22
Anhui Conch Cement Co. Ltd., H	500	3,134	0.03
Bank of China Ltd., H	56,000	18,953	0.18
China Construction Bank Corp., H	31,000	23,383	0.22
China Mobile Ltd.	2,000	11,401	0.11
China Overseas Land & Investment Ltd.	2,500	5,431	0.05
China Shenhua Energy Co. Ltd., H	2,500	4,712	0.04
CNOOC Ltd.	8,000	7,339	0.07
Country Garden Services Holdings Co. Ltd.	1,000	6,766	0.06
CSPC Pharmaceutical Group Ltd.	3,200	3,258	0.03
ENN Energy Holdings Ltd.	400	5,872	0.05
Industrial and Commercial Bank of China Ltd., H	34,000	21,845	0.20
Kweichow Moutai Co. Ltd., A	100	30,621	0.28
NetEase Inc., ADR	85	8,140	0.08
Tencent Holdings Ltd.	500	35,977	0.33
Wilmar International Ltd.	1,300	4,580	0.04
Denmark (0.32%)			
Coloplast AS, B	63	9,635	0.09
Novo Nordisk AS, B	354	24,697	0.23
Finland (0.07%)			
Kone OYJ, B	96	7,822	0.07

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

AS AT 31 DECEMBER 2020

Franklin Select Global Multi-Asset Income Fund (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (97.31%) (continued)			
Listed Equities (32.64%) (continued)			
France (0.72%)			
Arkema SA	47	5,378	0.05
Atos SE	64	5,844	0.05
Biomerieux	25	3,519	0.03
BNP Paribas SA	252	13,304	0.12
Capgemini SE	45	7,000	0.07
Compagnie de Saint-Gobain	114	5,243	0.05
Credit Agricole SA	632	7,990	0.08
Peugeot SA	252	6,901	0.06
Sartorius Stedim Biotech	16	5,692	0.05
Sodexo SA	61	5,159	0.05
Suez SA	211	4,182	0.04
Veolia Environnement SA	306	7,545	0.07
Germany (0.77%)			
Allianz SE	84	20,637	0.19
Brenntag AG	106	8,243	0.08
Deutsche Post AG	299	14,812	0.14
Evonik Industries AG	145	4,739	0.04
GEA Group AG	108	3,863	0.04
HeidelbergCement AG	103	7,669	0.07
Knorr-Bremse AG	43	5,867	0.05
LEG Immobilien AG	47	7,292	0.07
Sartorius AG, pfd.	10	4,212	0.04
Zalando SE	47	5,228	0.05
Hong Kong (0.27%)			
Hong Kong Exchanges and Clearing Ltd.	300	16,455	0.15
Techtronic Industries Co. Ltd.	500	7,147	0.07
WH Group Ltd., Reg S	6,000	5,031	0.05
India (0.34%)			
Dr Reddy's Laboratories Ltd.	55	3,917	0.04
HCL Technologies Ltd.	479	6,218	0.06
Hindustan Unilever Ltd.	273	8,964	0.08
Infosys Ltd.	510	8,744	0.08
Tata Consultancy Services Ltd.	216	8,483	0.08
Indonesia (0.07%)			
Telkom Indonesia Persero Tbk PT, B	31,700	7,474	0.07
Ireland (0.03%)			
Kingspan Group PLC	53	3,695	0.03
Israel (0.17%)			
Check Point Software Technologies Ltd.	69	9,171	0.08
Nice Ltd.	33	9,336	0.09

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

AS AT 31 DECEMBER 2020

Franklin Select Global Multi-Asset Income Fund (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (97.31%) (continued)			
Listed Equities (32.64%) (continued)			
Italy (0.23%)			
Assicurazioni Generali SpA	771	13,500	0.13
Moncler SpA	107	6,579	0.06
Prysmian SpA	121	4,307	0.04
Japan (2.64%)			
Astellas Pharma Inc.	800	12,387	0.11
Fujitsu Ltd.	100	14,454	0.13
Hitachi Ltd.	200	7,894	0.07
Hoya Corp.	100	13,849	0.13
KDDI Corp.	500	14,825	0.14
M3 Inc.	100	9,447	0.09
Makita Corp.	100	5,016	0.05
Meiji Holdings Co. Ltd.	100	7,038	0.07
Mitsubishi Electric Corp.	1,200	18,136	0.17
NEC Corp.	100	5,371	0.05
Nexon Co. Ltd.	200	6,171	0.06
Nihon M&A Center Inc.	100	6,687	0.06
Nippon Telegraph & Telephone Corp.	700	17,961	0.17
Nitori Holdings Co. Ltd.	100	20,910	0.19
Nitto Denko Corp.	100	8,958	0.08
Nomura Holdings Inc.	1,200	6,344	0.06
Nomura Research Institute Ltd.	200	7,155	0.07
Obayashi Corp.	500	4,317	0.04
Ono Pharmaceutical Co. Ltd.	300	9,040	0.08
Osaka Gas Co. Ltd.	262	5,370	0.05
Otsuka Corp.	100	5,275	0.05
Otsuka Holdings Co. Ltd.	200	8,569	0.08
Recruit Holdings Co. Ltd.	200	8,401	0.08
Sekisui House Ltd.	400	8,149	0.08
Seven & i Holdings Co. Ltd.	300	10,623	0.10
Shionogi & Co. Ltd.	100	5,467	0.05
Softbank Corp.	1,000	12,552	0.12
Square Enix Holdings Co. Ltd.	100	6,063	0.06
T&D Holdings Inc.	400	4,732	0.04
Tokyo Gas Co. Ltd.	300	6,944	0.06
Trend Micro Inc.	100	5,757	0.05
Mexico (0.06%)			
Grupo Mexico SAB de CV, B	1,500	6,346	0.06
Netherlands (0.46%)			
ING Groep NV	716	6,658	0.06
Koninklijke Ahold Delhaize NV	592	16,702	0.15
NN Group NV	173	7,479	0.07
Randstad NV	83	5,373	0.05
Wolters Kluwer NV	163	13,752	0.13

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

AS AT 31 DECEMBER 2020

Franklin Select Global Multi-Asset Income Fund (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (97.31%) (continued)			
Listed Equities (32.64%) (continued)			
New Zealand (0.04%)			
Fisher & Paykel Healthcare Corp. Ltd.	199	4,727	0.04
Norway (0.05%)			
Yara International ASA	122	5,061	0.05
Qatar (0.04%)			
Masraf Al Rayan QSC	3,464	4,315	0.04
Russia (0.04%)			
Polymetal International PLC	166	3,880	0.04
Singapore (0.04%)			
Singapore Exchange Ltd.	659	4,632	0.04
South Korea (0.81%)			
Hana Financial Group Inc.	202	6,424	0.06
Hyundai Mobis Co. Ltd.	19	4,465	0.04
KB Financial Group Inc.	158	6,266	0.06
Kia Motors Corp.	92	5,293	0.05
LG Electronics Inc.	61	7,584	0.07
LG Household & Health Care Ltd.	4	5,961	0.05
NCSOFT Corp.	6	5,144	0.05
Samsung Electronics Co. Ltd., pfd.	577	39,083	0.36
Shinhan Financial Group Co. Ltd.	238	7,051	0.07
Spain (0.21%)			
Endesa SA	223	6,117	0.06
Industria de Diseno Textil SA	326	10,348	0.09
Red Electrica Corp. SA	306	6,283	0.06
Sweden (0.28%)			
Atlas Copco AB, A	134	6,888	0.06
Boliden AB	153	5,429	0.05
Investor AB, B	250	18,198	0.17
Switzerland (1.08%)			
Adecco Group AG	106	7,060	0.07
EMS-Chemie Holding AG	5	4,810	0.05
Geberit AG	26	16,275	0.15
Kuehne + Nagel International AG	38	8,623	0.08
Partners Group Holding AG	13	15,276	0.14
Roche Holding AG	99	34,482	0.32
Schindler Holding AG	14	3,784	0.04
Schindler Holding AG, PC	28	7,572	0.07
SGS SA	4	12,057	0.11
Sonova Holding AG	22	5,722	0.05

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

AS AT 31 DECEMBER 2020

Franklin Select Global Multi-Asset Income Fund (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (97.31%) (continued)			
Listed Equities (32.64%) (continued)			
Taiwan (0.60%)			
Hon Hai Precision Industry Co. Ltd.	4,000	13,112	0.12
Novatek Microelectronics Corp. Ltd.	1,000	13,155	0.13
Taiwan Semiconductor Manufacturing Co. Ltd.	2,000	37,825	0.35
Thailand (0.06%)			
Advanced Info Service PCL, fgn.	1,100	6,457	0.06
United Kingdom (0.65%)			
Admiral Group PLC	133	5,259	0.05
Auto Trader Group PLC	684	5,568	0.05
Aviva PLC	1,439	6,401	0.06
BHP Group PLC	389	10,272	0.09
Ferguson PLC	57	6,926	0.06
Kingfisher PLC	1,086	4,013	0.04
Next PLC	53	5,111	0.05
Persimmon PLC	118	4,454	0.04
RELX PLC	435	10,644	0.10
The Berkeley Group Holdings PLC	85	5,499	0.05
The Sage Group PLC	769	6,106	0.06
United States of America (18.87%)			
3M Co.	103	18,003	0.17
A O Smith Corp.	93	5,098	0.05
AbbVie Inc.	207	22,180	0.21
ABIOMED Inc.	15	4,863	0.04
Accenture PLC, A	128	33,435	0.31
Activision Blizzard Inc.	123	11,421	0.11
Adobe Inc.	71	35,509	0.33
Advance Auto Parts Inc.	30	4,725	0.04
Akamai Technologies Inc.	71	7,454	0.07
Alexion Pharmaceuticals Inc.	63	9,843	0.09
Allegion PLC	64	7,448	0.07
Alphabet Inc., A	51	89,385	0.83
Amazon.com Inc.	31	100,965	0.94
Ameriprise Financial Inc.	61	11,854	0.11
Amgen Inc.	78	17,934	0.17
Apple Inc.	1,247	165,464	1.54
Applied Materials Inc.	243	20,971	0.19
Arista Networks Inc.	28	8,136	0.08
Arrow Electronics Inc.	54	5,254	0.05
Autodesk Inc.	47	14,351	0.13
AutoZone Inc.	7	8,298	0.08
Avery Dennison Corp.	57	8,841	0.08
Best Buy Co. Inc.	83	8,283	0.08
Biogen Inc.	35	8,570	0.08
BlackRock Inc.	33	23,811	0.22

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

AS AT 31 DECEMBER 2020

Franklin Select Global Multi-Asset Income Fund (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (97.31%) (continued)			
Listed Equities (32.64%) (continued)			
United States of America (18.87%) (continued)			
C.H. Robinson Worldwide Inc.	92	8,636	0.08
Cadence Design Systems Inc.	167	22,784	0.21
Cerner Corp.	210	16,481	0.15
Cintas Corp.	27	9,543	0.09
Cisco Systems Inc.	616	27,566	0.26
Citrix Systems Inc.	46	5,985	0.06
Clorox Co.	68	13,731	0.13
Cognizant Technology Solutions Corp., A	126	10,326	0.10
Colgate-Palmolive Co.	318	27,192	0.25
Copart Inc.	90	11,452	0.11
Cummins Inc.	80	18,168	0.17
D.R. Horton Inc.	76	5,238	0.05
DaVita Inc.	55	6,457	0.06
Dollar General Corp.	57	11,987	0.11
Domino's Pizza Inc.	14	5,368	0.05
Eastman Chemical Co.	93	9,326	0.09
eBay Inc.	157	7,889	0.07
Edwards Lifesciences Corp.	159	14,506	0.13
Electronic Arts Inc.	77	11,057	0.10
Emerson Electric Co.	243	19,530	0.18
EOG Resources Inc.	161	8,029	0.07
Erie Indemnity Co., A	17	4,175	0.04
Expeditors International of Washington Inc.	116	11,033	0.10
F5 Networks Inc.	42	7,389	0.07
Facebook Inc., A	199	54,359	0.50
FactSet Research Systems Inc.	26	8,645	0.08
Fair Isaac Corp.	16	8,177	0.08
Fastenal Co.	237	11,573	0.11
Fortinet Inc.	51	7,575	0.07
Fortune Brands Home & Security Inc.	66	5,658	0.05
Gilead Sciences Inc.	208	12,118	0.11
Huntington Ingalls Industries Inc.	28	4,773	0.04
IDEXX Laboratories Inc.	27	13,496	0.13
Illinois Tool Works Inc.	115	23,446	0.22
Intel Corp.	426	21,223	0.20
Intuit Inc.	52	19,752	0.18
Jazz Pharmaceuticals PLC	39	6,437	0.06
JB Hunt Transport Services Inc.	58	7,926	0.07
Kimberly-Clark Corp.	131	17,663	0.16
KLA Corp.	44	11,392	0.11
Knight-Swift Transportation Holdings Inc.	89	3,722	0.03
Lennar Corp., A	58	4,421	0.04
Lockheed Martin Corp.	46	16,329	0.15
Lowe's Cos. Inc.	102	16,372	0.15
Lululemon Athletica Inc.	20	6,961	0.06
LyondellBasell Industries NV, A	72	6,600	0.06
MarketAxess Holdings Inc.	12	6,847	0.06

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

AS AT 31 DECEMBER 2020

Franklin Select Global Multi-Asset Income Fund (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (97.31%) (continued)			
Listed Equities (32.64%) (continued)			
United States of America (18.87%) (continued)			
Masco Corp.	156	8,569	0.08
Mastercard Inc., A	102	36,408	0.34
Maxim Integrated Products Inc.	175	15,514	0.14
MetLife Inc.	298	13,991	0.13
Mettler-Toledo International Inc.	11	12,536	0.12
Microsoft Corp.	588	130,783	1.22
Monster Beverage Corp.	147	13,595	0.13
Moody's Corp.	61	17,705	0.16
Morgan Stanley	289	19,805	0.18
MSCI Inc.	27	12,056	0.11
NRG Energy Inc.	172	6,459	0.06
NVIDIA Corp.	50	26,110	0.24
NVR Inc.	1	4,080	0.04
Old Dominion Freight Line Inc.	65	12,687	0.12
Oracle Corp.	347	22,447	0.21
O'Reilly Automotive Inc.	22	9,957	0.09
Owens Corning	73	5,530	0.05
Packaging Corp. of America	62	8,550	0.08
PerkinElmer Inc.	73	10,475	0.10
Pioneer Natural Resources Co.	54	6,150	0.06
PulteGroup Inc.	79	3,406	0.03
QUALCOMM Inc.	112	17,062	0.16
Regeneron Pharmaceuticals Inc.	17	8,213	0.08
Robert Half International Inc.	79	4,936	0.05
Rockwell Automation Inc.	53	13,293	0.12
Rollins Inc.	153	5,978	0.06
S&P Global Inc.	61	20,053	0.19
Schlumberger NV	431	9,409	0.09
SEI Investments Co.	87	5,000	0.05
Skyworks Solutions Inc.	70	10,702	0.10
Snap-on Inc.	35	5,990	0.06
State Street Corp.	125	9,097	0.08
Steel Dynamics Inc.	143	5,272	0.05
Synchrony Financial	165	5,727	0.05
Synopsys Inc.	78	20,221	0.19
T. Rowe Price Group Inc.	105	15,896	0.15
Take-Two Interactive Software Inc.	38	7,896	0.07
Target Corp.	68	12,004	0.11
Teradyne Inc.	105	12,588	0.12
Texas Instruments Inc.	184	30,200	0.28
The Bank of New York Mellon Corp.	276	11,713	0.11
The Home Depot Inc.	122	32,406	0.30
The Kroger Co.	341	10,830	0.10
The Sherwin-Williams Co.	23	16,903	0.16
Tractor Supply Co.	63	8,857	0.08
UGI Corp.	147	5,139	0.05
United Parcel Service Inc., B	84	14,146	0.13

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

AS AT 31 DECEMBER 2020

Franklin Select Global Multi-Asset Income Fund (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (97.31%) (continued)			
Listed Equities (32.64%) (continued)			
United States of America (18.87%) (continued)			
United Rentals Inc.	25	5,798	0.05
Universal Health Services Inc., B	35	4,812	0.04
Veeva Systems Inc.	32	8,712	0.08
Vertex Pharmaceuticals Inc.	76	17,962	0.17
Vistra Corp.	315	6,193	0.06
W.W. Grainger Inc.	31	12,659	0.12
West Pharmaceutical Services Inc.	38	10,766	0.10
Zoom Video Communications Inc., A	15	5,060	0.05
Quoted Fixed Income Securities (9.40%)			
United States Dollar (9.40%)			
U.S. Treasury Bond, 4.50%, 2/15/36	53,000	77,726	0.72
U.S. Treasury Bond, 4.75%, 2/15/37	103,000	156,886	1.46
U.S. Treasury Bond, 5.00%, 5/15/37	121,000	189,483	1.76
U.S. Treasury Bond, 6.375%, 8/15/27	191,000	263,304	2.45
U.S. Treasury Note, 1.125%, 8/31/21	105,000	105,720	0.98
U.S. Treasury Note, 2.50%, 3/31/23	207,000	217,973	2.03
Total Investments		10,469,081	97.31
Net Forward Foreign Exchange Contracts Value (Note 4)		4,749	0.05
Futures (Note 4)			
Nikkei 225 Mini, March, 3/11/21	(3)	(3,036)	(0.03)
FTSE 100 Index, March, 3/19/21	1	(1,122)	(0.01)
Total Futures		(4,158)	(0.04)
		10,469,672	97.32
Other Net Assets		288,326	2.68
Net Assets as at 31 December 2020		10,757,998	100.00
Total Investments at cost as at 31 December 2020		9,293,992	

* Amount less than 0.01%

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

AS AT 31 DECEMBER 2020

Franklin Select Global Multi-Asset Income Fund (continued)

Additional Details on Financial Derivative Instruments

Futures	Underlying Assets	Counterparties	Fair Value USD
Nikkei 225 Mini, March, 3/11/21	Nikkei 225 Index	JPMorgan Chase Bank NA	(3,036)
FTSE 100 Index, March, 3/19/21	FTSE 100 Index	JPMorgan Chase Bank NA	(1,122)

Forward Foreign Exchange Contracts/Underlying Assets	Counterparties	Fair Value USD
Buy CNH Sell USD	Bank of America Merrill Lynch	28
Buy CNH Sell USD	Barclays Bank PLC	835
Buy CNH Sell USD	BNP Paribas	670
Buy CNH Sell USD	Citibank NA	925
Buy CNH Sell USD	Credit Suisse International	57
Buy CNH Sell USD	Goldman Sachs Bank USA	626
Buy CNH Sell USD	HSBC Bank PLC	426
Buy CNH Sell USD	J.P. Morgan Chase Bank	1,230
Buy CNH Sell USD	Toronto Dominion Bank	420
Buy CNH Sell USD	UBS AG	142
Sell CNH Buy USD	J.P. Morgan Chase Bank	(610)

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Templeton Select Global Equity Fund

	Percentage holdings of net assets 2020 %	Percentage holdings of net assets 2019 %
Investments		
Listed Equities		
Canada	1.87	2.60
China	1.72	3.53
Denmark	—	1.27
France	2.20	7.94
Germany	11.20	10.24
Hong Kong	2.08	2.43
India	1.21	—
Ireland	—	1.71
Italy	—	3.29
Japan	18.27	12.32
Luxembourg	—	1.70
Netherlands	1.98	2.10
Norway	—	1.13
Singapore	—	0.90
South Korea	4.72	4.75
Switzerland	3.29	0.79
Taiwan	3.52	—
United Kingdom	—	14.71
United States of America	43.78	23.49
Total Investments	95.84	94.90
Forward Foreign Exchange Contracts (Note 4)	0.06	0.18
	95.90	95.08
Other Net Assets	4.10	4.92
Net Assets as at year end	100.00	100.00

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Franklin Select Global Multi-Asset Income Fund

	Percentage holdings of net assets 2020 %	Percentage holdings of net assets 2019 %
Investments		
Quoted Investment Funds		
Luxembourg	5.13	8.69
Exchange Traded Funds		
China	1.54	—
Ireland	33.78	33.54
United States of America	14.44	8.76
Listed Real Estate Investment Trusts ("REITs")		
Australia	0.09	0.15
France	0.04	—
Mexico	—	0.03
Singapore	—	0.04
United States of America	0.25	0.71
Listed Equities		
Australia	0.55	1.30
Belgium	—	0.03
Brazil	0.23	0.17
Canada	0.88	0.81
China	2.06	0.79
Denmark	0.32	0.29
Finland	0.07	0.11
France	0.72	0.80
Germany	0.77	0.48
Hong Kong	0.27	0.26
India	0.34	—
Indonesia	0.07	—
Ireland	0.03	—
Israel	0.17	0.04
Italy	0.23	0.17
Japan	2.64	2.17
Mexico	0.06	0.11
Netherlands	0.46	0.53
New Zealand	0.04	—
Norway	0.05	—
Qatar	0.04	—
Russia	0.04	—
Singapore	0.04	0.04
South Africa	—	0.04
South Korea	0.81	0.32
Spain	0.21	0.45
Sweden	0.28	0.38
Switzerland	1.08	1.32
Taiwan	0.60	0.13
Thailand	0.06	0.06
United Arab Emirates	—	0.05
United Kingdom	0.65	1.47
United States of America	18.87	21.21

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Franklin Select Global Multi-Asset Income Fund (continued)

	Percentage holdings of net assets 2020 %	Percentage holdings of net assets 2019 %
Investments (continued)		
Quoted Fixed Income Securities		
United States Dollar	9.40	12.91
Total Investments	97.31	98.36
Forward Foreign Exchange Contracts (Note 4)	0.05	0.17
Futures (Note 4)	(0.04)	0.02
	97.32	98.55
Other Net Assets	2.68	1.45
Net Assets as at year end	100.00	100.00

INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (UNAUDITED)

The following table details the exposures arising from the use of financial derivative instruments as a percentage of net asset value of each of the Funds for the year ended 31 December 2020:

	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
	Gross exposure	Net exposure	Gross exposure	Net exposure
	%	%	%	%
Highest	117.04	—*	113.83	26.86
Lowest	59.06	—*	55.21	0.08
Average	65.47	—*	67.35	4.03

* No financial derivative instruments were used for investment purposes.

PERFORMANCE TABLE (UNAUDITED)

FOR THE YEAR ENDED 31 DECEMBER 2020

TEMPLETON SELECT GLOBAL EQUITY FUND

NET ASSET VALUES

	Financial period	Net asset value	Net asset value per unit in issue
Class A (acc) USD	31.12.2020	USD1,961,078	USD13.07
Class A (acc) USD	31.12.2019	USD1,812,884	USD12.04
Class A (acc) USD	31.12.2018	USD1,664,698	USD10.78
Class A (acc) HKD	31.12.2020	USD2,298,138	HKD13.06
Class A (acc) HKD	31.12.2019	USD2,117,654	HKD12.09
Class A (acc) HKD	31.12.2018	USD1,896,216	HKD10.88
Class A (acc) RMB-H1	31.12.2020	USD2,180,334	CNH13.91
Class A (acc) RMB-H1	31.12.2019	USD1,857,562	CNH12.69
Class A (acc) RMB-H1	31.12.2018	USD1,705,877	CNH11.37

PERFORMANCE RECORD

	Financial period	Highest net asset value per unit	Lowest net asset value per unit
Class A (acc) USD	31.12.2020	USD13.07	USD8.40
Class A (acc) USD	31.12.2019	USD12.09	USD10.51
Class A (acc) USD	31.12.2018	USD13.78	USD10.53
Class A (acc) USD	31.12.2017	USD12.82	USD11.09
Class A (acc) USD	31.12.2016	USD11.31	USD9.85
Class A (acc) HKD	31.12.2020	HKD13.06	HKD8.40
Class A (acc) HKD	31.12.2019	HKD12.13	HKD10.63
Class A (acc) HKD	31.12.2018	HKD13.89	HKD10.63
Class A (acc) HKD	31.12.2017	HKD12.91	HKD11.08
Class A (acc) HKD	31.12.2016	HKD11.31	HKD9.85
Class A (acc) RMB-H1	31.12.2020	CNH13.91	CNH8.87
Class A (acc) RMB-H1	31.12.2019	CNH12.73	CNH11.04
Class A (acc) RMB-H1	31.12.2018	CNH14.32	CNH11.09
Class A (acc) RMB-H1	31.12.2017	CNH13.35	CNH11.22
Class A (acc) RMB-H1	31.12.2016	CNH11.45	CNH9.84

PERFORMANCE TABLE (UNAUDITED) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND

NET ASSET VALUES

	Financial period	Net asset value	Net asset value per unit in issue
Class A (Mdis) USD	31.12.2020	USD2,828,573	USD9.45
Class A (Mdis) USD	31.12.2019	USD5,550,138	USD9.25
Class A (Mdis) USD	31.12.2018	USD12,838,373	USD8.69
Class A (Mdis) HKD	31.12.2020	USD4,865,497	HKD9.44
Class A (Mdis) HKD	31.12.2019	USD7,973,213	HKD9.29
Class A (Mdis) HKD	31.12.2018	USD18,479,785	HKD8.77
Class A (Mdis) RMB-H1	31.12.2020	USD3,063,928	CNH9.87
Class A (Mdis) RMB-H1	31.12.2019	USD5,855,175	CNH9.63
Class A (Mdis) RMB-H1	31.12.2018	USD8,337,737	CNH9.07

PERFORMANCE RECORD

	Financial period	Highest net asset value per unit	Lowest net asset value per unit
Class A (Mdis) USD	31.12.2020	USD9.45	USD7.48
Class A (Mdis) USD	31.12.2019	USD9.32	USD8.67
Class A (Mdis) USD	31.12.2018	USD10.27	USD8.51
Class A (Mdis) USD	31.12.2017	USD10.18	USD9.82
Class A (Mdis) USD	31.12.2016	USD10.30	USD9.68
Class A (Mdis) HKD	31.12.2020	HKD9.44	HKD7.47
Class A (Mdis) HKD	31.12.2019	HKD9.38	HKD8.75
Class A (Mdis) HKD	31.12.2018	HKD10.35	HKD8.59
Class A (Mdis) HKD	31.12.2017	HKD10.23	HKD9.82
Class A (Mdis) HKD	31.12.2016	HKD10.30	HKD9.68
Class A (Mdis) RMB-H1	31.12.2020	CNH9.87	CNH7.79
Class A (Mdis) RMB-H1	31.12.2019	CNH9.68	CNH9.04
Class A (Mdis) RMB-H1	31.12.2018	CNH10.68	CNH8.87
Class A (Mdis) RMB-H1	31.12.2017	CNH10.51	CNH9.94
Class A (Mdis) RMB-H1	31.12.2016	CNH10.32	CNH9.76

ADMINISTRATION

MANAGER, REGISTRAR AND TRANSFER AGENT

Franklin Templeton Investments (Asia) Limited
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DIRECTORS OF THE MANAGER

Browning, Mark Banks (resigned on 31 December 2020)
Chan, Shuet Sum Isabella (appointed on 1 October 2020)
Chang, Wan David (resigned on 30 September 2020)
Lai-Choo-Kan, Michael Brian (appointed on
1 October 2020)
Molina, George H. (appointed on 1 October 2020)
Plafker, Jed Andrew
Wu, Wai Kwok (resigned on 30 September 2020)
Young, Ho Yip Alan (appointed on 1 October 2020)

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