



**FRANKLIN
TEMPLETON**

Annual Report
for the year ended
31 December 2019

Franklin Templeton Asia Fund Series



FRANKLIN TEMPLETON ASIA FUND SERIES

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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REPORT OF THE MANAGER FOR THE YEAR ENDED 31 DECEMBER 2019

Templeton Select Global Equity Fund

Market Review

Global equities, as measured by the MSCI All Country World Index, rose during the period under review. Equities were supported by signs of easing US-China trade tensions, including news of a “phase one” deal, as well as greater clarity on Brexit and hopes for continued accommodative policies by major central banks.

Portfolio Review

The fund underperformed its benchmark index for the year, primarily due to holdings in the communication services and energy sectors and an underweight in the information technology sector. The shares of Luxembourg-based satellite operator SES slumped after US regulators opted for a public auction of C-band spectrum instead of the private auction favoured by spectrum owners like SES, as well as telecommunications industry bidders who preferred a quicker, private process. Our analysis suggests that SES’s share price at year-end reflected little or no upside from spectrum monetisation, a situation that we believe is excessively punitive and leaves the core business trading at what we view as attractive valuations. We remain constructive on the stock given the firm’s strong balance sheet, the healthy dividend yield, and our expectation of stabilisation and renewed growth in SES’s core business over a long-term investment horizon.

UK-based diversified energy producer BP was a top detractor in the energy sector. BP has reported higher oil and gas production thus far in 2019 and solid results from its energy trading business, but investors holding out hopes for a dividend increase during the year were disappointed when the firm’s chief financial officer indicated that raising the pay-out would be premature with leverage at current levels. We believe BP has made solid progress in selling assets to shore up its balance sheet, and its financial position has the potential to be further strengthened by firm oil prices and rising production following years of investment.

We sold out of a number of information technology holdings that looked fairly valued and subject to risks associated with slowing revenue growth and greater regulatory scrutiny. With sector strength mostly driven by multiple expansion, not earnings growth, we have continued to view high-flying tech stocks as especially vulnerable to a shift in sentiment or inflection in the cycle. Within the sector, we have avoided expensive, momentum-driven stocks, finding opportunities instead amongst hardware companies with restructuring potential, semiconductor manufacturers excessively pressured by supply concerns and, occasionally, mature software firms with healthy cash flows and new growth levers.

Stock selection in the materials, financials and industrials sectors contributed to relative performance for the year. In the materials sector, Canadian firm Wheaton Precious Metals rose after the price of gold broke out of a six-year trading range. Anticipating an eventual move higher in gold prices given record-high debt levels, historically low interest rates, escalating geopolitical turmoil and renewed central bank buying, we have maintained a modest precious metals allocation as a portfolio hedge and diversifier. In our view, Wheaton’s capital-light “streaming” model offers good exposure to the potential upside associated with rising commodity prices and successful exploration efforts at partner properties.

French lender BNP Paribas (“BNP”) benefitted from solid results at the firm’s fixed income unit and more benign European economic conditions. We view BNP as a diverse, high-quality European bank with an excellent track record of managing credit risk and maintaining profitability in various economic conditions. Trading at a significant discount to tangible book value at period-end with a healthy dividend yield, BNP remains a core bank holding for us. Within the financials sector more generally, we continue to favour well-capitalised, well-managed companies with sound balance sheets and healthy dividends operating in stable markets and trading at what we view as unwarranted discounts to book value.

Cobham, a UK-based niche components and subsystem supplier to the commercial, defence and security markets with market-leading positions in its diverse product and services portfolio, was the top contributor in the industrials sector. The shares rose in anticipation of Cobham’s acquisition by a US private equity group. Select opportunities exist in the industrials sector, particularly amongst companies benefitting from restructuring or exposure to growth-oriented end markets, such as aerospace/defence and industrial automation. We have avoided expensive companies that we believe fail to reflect the maturity of their business cycles or are excessively optimistic about sustainable growth rates and returns.

Regionally, holdings in Asia and Europe detracted from relative performance. Stock selection in Canada contributed.

REPORT OF THE MANAGER (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Templeton Select Global Equity Fund (continued)

Outlook & Strategy

The singular focus that motivates us as investors is seeking better outcomes for our clients. We will pursue this goal relentlessly, letting nothing stand in our way. We recognise that the highest value we can bring as active asset managers is knowledge. Broad market beta today is essentially free; only alpha is worth paying for, and generating alpha requires unique insight and perspective. Optimising our structure and process to cultivate expertise and knowledge—and getting the fruits of those specialised insights into the portfolios—has been our key operational objective in recent quarters. Where we are going will likely be different from where we've been. The paradigm of falling interest rates and abundant liquidity that has bid up bond proxies and growth stocks for much of the past decade will not last forever. Increasingly, we believe we will be entering a multipolar world full of divergent circumstances and situational opportunities. Simply overweighting tech stocks and the S&P 500 (in retrospect, a profitable strategy these past 10 years) will no longer suffice. We believe shrewd stockpicking and nimble portfolio management should be rewarded in the future. Overall, we remain confident that our focus on building a more diverse and resilient value portfolio capable of capturing cyclical upside potential while protecting against downside risks can position the fund well for an uncertain future. The market doesn't move in straight lines, and we remain encouraged by recent trends, which we believe highlight a fledgling rotation out of yesterday's leaders and towards a new regime likely to bring fewer headwinds for long-suffering value investors.

The commentary, which is for informational purposes only, sets forth the manager's views as of 31 December 2019. The stock provided is for illustration purpose only. It is not a recommendation to purchase, sell or hold any particular security.

Any stock identified is not necessarily indicative of a portfolio's holding at any one time. The underlying assumptions and these views are subject to change. There is no guarantee that any forecasts expressed will be realised. Franklin Templeton Investments accepts no liability whatsoever for any direct or indirect consequential loss arising from use of this report or any information, opinion or estimate herein.

REPORT OF THE MANAGER (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Franklin Select Global Multi-Asset Income Fund

Key Themes

Financial markets were characterised by strong equity returns during 2019, in comparison to the latter half of 2018. An early decision by the US Federal Reserve (“Fed”) to take a more dovish stance on monetary policy helped stabilise risk assets, while three rate cuts throughout the year improved investor sentiment during a period of slowing global growth and economic instability.

Other major central banks also eased policy, including the European Central Bank (“ECB”), which ended 2019 with a €20 billion per month asset purchase programme in place. Developed market sovereign yield curves flattened during the year, responding to monetary policy and concerns around slowing global growth.

Global corporate bonds, particularly high-yield bonds, gained across 2019, as yield spreads narrowed on improved risk appetite. Emerging market (“EM”) bonds were also strong performers in 2019, as investors searched for yield amidst falling interest rates.

Global equities rose by almost 30% in 2019, as developed market equities outstripped EM stocks, although both posted impressive gains. The US was the best performing developed market, while Europe marginally outperformed Japan thanks to strong growth in France and Italy. Within EMs, Chinese equities made solid gains, boosted by government stimulus, while the Brazilian market also performed well, despite significant volatility. EM Europe posted the strongest returns, helped by Russia, which benefitted from a strong ruble.

Performance

The fund had a net return of 12.00% in 2019, behind its customised benchmark, which returned 15.95%.

Cross-asset allocation detracted from relative returns, due to an overweight to cash, which detracted from relative returns during the extended risk-on period. A slight underweight to equities had no significant effect on returns, while a neutral position in fixed income added value.

Equity allocation and selection were the main reasons for underperformance. An underweight to Europe detracted from relative performance, offset somewhat by an overweight to the US. Equity selection also held back relative performance, particularly in emerging markets, Europe and Japan, although this was offset somewhat by positive selection in the United States.

Fixed income allocation and selection added relative value, in aggregate. Overweight allocations to corporate bonds and US Treasuries added value, as did an underweight to securitised bonds. Fixed income selection also boosted performance, particularly exposure to high-yield corporate bonds and long-duration US Treasuries, which both added relative value.

Assessment, Outlook and Risks

We retain a cautious approach to risk assets, against a backdrop of slower global growth and ongoing trade tensions. We are carefully monitoring the potential for renewed market volatility, but these concerns are offset for now by supportive liquidity conditions.

Regionally, US growth remains stronger than in other developed markets, although earnings have dipped. The market’s attention will likely focus on valuations, pressure on margins and whether Fed interest-rate cuts are effective in stimulating demand. We are becoming more optimistic on European equities, as the ECB has made efforts to offset the effect of weak economic activity. We do, however, see banks remaining a drag. The UK has suffered from uncertainty over Brexit, but this relatively defensive market appears historically cheap and corporate profits remain high.

In the current environment of global trade uncertainty, we remain neutral on EM equities. Valuations remain attractive to us relative to developed market peers, but we see this balanced by reasons for caution.

As far as bonds are concerned, slower global growth and the prospects for easier monetary policy contrast with long-term valuations that have remained expensive. The bias of central banks towards cutting interest rates, even from the low levels already reached, argues for a relatively evenly balanced portfolio at this time. We are optimistic on US Treasuries but remain concerned by stretched valuations and supply dynamics. We remain cautious on eurozone government bonds, where valuations appear full.

We have adopted a cautious stance on the outlook for lower-rated fixed income sectors such as high-yield bonds, as the business cycle enters its later stages. We are more optimistic on EM debt, as valuations among local- and hard-currency bonds remain fair, in our view. We also believe that dovish global central bank policy and real yields that remain higher than historic averages mitigate exchange-rate risks in local-currency bonds.

The commentary, which is for informational purposes only, sets forth the manager’s views as of 31 December 2019. The stock provided is for illustration purpose only. It is not a recommendation to purchase, sell or hold any particular security.

Any stock identified is not necessarily indicative of a portfolio’s holding at any one time. The underlying assumptions and these views are subject to change. There is no guarantee that any forecasts expressed will be realised. Franklin Templeton Investments accepts no liability whatsoever for any direct or indirect consequential loss arising from use of this report or any information, opinion or estimate herein.

REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF
FRANKLIN TEMPLETON ASIA FUND SERIES (THE “FUNDS”)

FOR THE YEAR ENDED 31 DECEMBER 2019

We hereby confirm that, in our opinion, the Manager of the Funds 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 2019.

For and on behalf of
Cititrust Limited

Authorised signatories

6 April 2020

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 individually or collectively as the “Funds”) set out on pages 10 to 44, which comprise:

- the statement of financial position as at 31 December 2019;
- 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 2019, and of each of their financial transactions and 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 HKSA's 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 HKSA's, 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, 6 April 2020

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
		2019 USD	2018 USD	2019 USD	2018 USD
ASSETS					
CURRENT ASSETS					
Investments	3	5,492,746	4,878,987	19,061,711	38,715,574
Derivative financial instruments	4	10,238	6,506	38,411	47,186
Dividends and other accounts receivable		10,579	9,639	28,444	38,707
Due from brokers		—	—	—	31,985
Amounts receivable from subscription		—	—	—	49,765
Margin cash	5	—	—	13,845	120,920
Cash and cash equivalents	5	304,439	401,038	467,061	943,963
TOTAL ASSETS		<u>5,818,002</u>	<u>5,296,170</u>	<u>19,609,472</u>	<u>39,948,100</u>
LIABILITIES					
CURRENT LIABILITIES					
Derivative financial instruments	4	—	285	2,236	75,002
Due to brokers		—	—	7,266	—
Amounts payable on redemption		—	—	173,209	140,214
Other accounts payable		29,902	29,094	48,235	76,989
LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u>29,902</u>	<u>29,379</u>	<u>230,946</u>	<u>292,205</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	6	<u>5,788,100</u>	<u>5,266,791</u>	<u>19,378,526</u>	<u>39,655,895</u>

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 2019

	Note	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
		2019 USD	2018 USD	2019 USD	2018 USD
INCOME					
Dividend income		187,788	156,434	672,030	882,669
Interest on bank deposits		5,220	2,752	15,772	10,706
Interest on investments		—	—	160,365	108,711
Other income		—	—	—	187
Change in unrealised gain/loss on fair value of investments		752,717	(1,756,786)	3,535,390	(3,160,120)
Realised (loss)/gain on sale of investments		(147,947)	835,347	243,317	(461,728)
Change in unrealised gain/loss on derivative financial instruments and foreign currency exchange		4,102	(34,958)	1,758	26,106
Realised loss on derivative financial instruments and foreign currency exchange		(23,154)	(15,575)	(325,185)	(173,665)
TOTAL INVESTMENT INCOME/(LOSS)		778,726	(812,786)	4,303,447	(2,767,134)
EXPENSES					
Management fee	7(e)	55,308	62,821	243,358	225,910
Distribution fee		27,654	31,411	143,152	132,888
Trustee and custody fees	7(e)	28,998	34,060	109,763	87,315
Registrar fee	7(e)	2,213	2,513	11,452	10,631
Fund administration fee	7(e)	11,062	12,564	57,262	53,156
Audit fee		21,365	21,323	21,365	21,323
Bank charges		144	91	448	276
Legal and professional fees		1,151	2,466	1,447	3,352
Other operating expenses		7,961	9,422	11,222	10,142
Preliminary expenses	6	—	(6,582)	—	(25,952)
Transaction costs		4,663	5,837	47,798	34,040
TOTAL EXPENSES		160,519	175,926	647,267	553,081
PROFIT/(LOSS) BEFORE DISTRIBUTION AND TAX		618,207	(988,712)	3,656,180	(3,320,215)
FINANCE COST (EXCLUDING INCREASE/DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)					
Distribution to unitholders	8	—	—	(1,499,432)	(1,387,348)
PROFIT/(LOSS) AFTER DISTRIBUTION AND BEFORE TAX		618,207	(988,712)	2,156,748	(4,707,563)
Withholding taxes		(33,733)	(28,539)	(67,151)	(50,527)
PROFIT/(LOSS) AFTER TAX		584,474	(1,017,251)	2,089,597	(4,758,090)
Adjustment for different basis adopted by the Funds in arriving at net assets attributable to unitholders	6	—	(8,500)	—	(20,221)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS		584,474	(1,025,751)	2,089,597	(4,778,311)

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 2019

	Note	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
		2019 USD	2018 USD	2019 USD	2018 USD
BALANCE AT THE BEGINNING OF THE YEAR		5,266,791	7,324,984	39,655,895	7,813,260
Subscription of units	6	1,703	83,498	2,366,601	29,763,156
Redemption of units	6	(64,868)	(1,115,940)	(24,845,304)	(3,319,660)
Reinvestment of distributions	6	—	—	111,737	177,450
Increase/(decrease) in net assets attributable to unitholders from operations		584,474	(1,025,751)	2,089,597	(4,778,311)
BALANCE AT THE END OF THE YEAR		<u>5,788,100</u>	<u>5,266,791</u>	<u>19,378,526</u>	<u>39,655,895</u>

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
		2019 USD	2018 USD	2019 USD	2018 USD
CASH FLOWS FROM OPERATING ACTIVITIES					
Purchase of investments		(2,399,343)	(2,521,570)	(54,467,579)	(51,229,029)
Disposal of investments		2,390,355	3,833,434	77,852,713	25,741,837
Settlement of derivative financial instruments		(23,154)	(15,575)	(325,185)	(173,665)
Margin cash received/(paid)		—	—	107,075	(40,931)
Dividend income received		186,848	154,427	670,690	879,065
Interest on bank deposits received		5,220	2,752	15,772	10,706
Interest on investments received		—	—	196,620	112,860
Other income received		—	—	—	187
Management fee paid		(55,062)	(64,339)	(258,615)	(209,014)
Distribution fee paid		(27,530)	(32,171)	(152,126)	(122,951)
Trustee and custody fees paid		(29,135)	(34,121)	(110,625)	(86,519)
Registrar fee paid		(2,204)	(2,573)	(12,170)	(9,836)
Audit fee paid		(20,850)	(20,520)	(20,850)	(20,520)
Fund administration fee paid		(11,012)	(12,868)	(60,851)	(49,181)
Bank charges paid		(144)	(91)	(448)	(276)
Legal and professional fees paid		(1,151)	(2,466)	(1,447)	(3,352)
Other operating expenses paid		(7,961)	(9,422)	(11,091)	(10,170)
Transaction costs paid		(4,663)	(5,837)	(47,798)	(34,040)
Withholding taxes paid		(33,733)	(28,539)	(67,151)	(50,527)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		<u>(33,519)</u>	<u>1,240,521</u>	<u>23,306,934</u>	<u>(25,295,356)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Subscription of units		1,703	83,498	2,416,366	29,713,391
Redemption of units		(64,868)	(1,115,940)	(24,812,309)	(3,192,450)
Distributions		—	—	(1,387,695)	(1,209,898)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		<u>(63,165)</u>	<u>(1,032,442)</u>	<u>(23,783,638)</u>	<u>25,311,043</u>
Net (decrease)/increase in cash and cash equivalents		(96,684)	208,079	(476,704)	15,687
Cash and cash equivalents at the beginning of the year		401,038	193,009	943,963	928,298
Effect of foreign exchange rate changes		85	(50)	(198)	(22)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	<u>304,439</u>	<u>401,038</u>	<u>467,061</u>	<u>943,963</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 3 April 2020.

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 2019

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2019 that have a material effect on the financial statements of the Funds.

(b) New standards, amendments and interpretations effective after 1 January 2019 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 2019 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 derivative financial instruments and foreign currency exchange” and “realised gain/(loss) on derivative financial 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 derivative financial instruments and foreign currency exchange” and “realised gain/(loss) on derivative financial instruments and foreign currency exchange”.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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. Transaction costs are expensed as incurred in the statement of comprehensive income.

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 derivative financial 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 and exchange traded funds, 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 Derivative financial instruments

Derivative financial 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 derivative financial 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 2019

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.

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 2019

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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 table. These investments are included under "Investments" in the statement of financial position.

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 - Equity	62,364,836	587,142	3.03
Franklin LibertyQ European Equity UCITS ETF *	European Equity	8,482,841	684,057	3.53
Franklin LibertyQ Global Dividend UCITS ETF *	Global equity	22,371,046	1,557,071	8.03
HSBC MSCI WORLD UCITS ETF	Global equity	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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management (continued)

Risks associated with Underlying Funds (continued)

31 December 2018	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	1,649,532,551	5,322,555	13.42
Franklin U.S. Opportunities Fund *	U.S. equity	3,652,203,387	1,597,262	4.03
Templeton Emerging Markets Bond Fund *	Emerging markets bonds	10,038,338,990	1,699,007	4.29
Templeton Global Equity Income Fund *	Global equity	100,354,061	3,943,131	9.94
EXCHANGE TRADED FUNDS				
Invesco Preferred Shares UCITS ETF	U.S. Preferred Stocks	138,739,203	2,795,255	7.05
iShares Core Global Aggregate Bond UCITS ETF	Global Bonds	1,491,230,936	2,811,966	7.09
iShares Core MSCI Japan IMI UCITS ETF	Japanese equity	3,126,731,452	976,923	2.46
iShares USD Short Duration High Yield Corp. Bond UCITS ETF	U.S. high yield corporate bonds	738,743,801	2,382,200	6.01
SPDR Gold Trust ETF	Financials	32,446,449,245	903,313	2.28

* 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 2019 were USD23,955,472 (2018: USD28,681,695). As at 31 December 2019, there were no capital commitment obligation and no amount due to the Underlying Funds for unsettled purchase (2018: Nil).

During the year ended 31 December 2019, total net loss derived from investments in the Underlying Funds was USD253,179 (2018: net loss of USD197,416).

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management (continued)

3.1 Market risk (continued)

(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 Funds track VaR as a percentage of Net Asset Value ("NAV"), taking into account their portfolio, cash and outstanding trade positions, on 20-day holding period at 99% confidence level.

For the year ended 31 December 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.

For the year ended 31 December 2018, Barra risk factor model and POINT 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 2019		31 December 2018	
	%	USD	%	USD
Templeton Select Global Equity Fund	7.593	440,958	7.479	395,358
Franklin Select Global Multi-Asset Income Fund	3.673	719,129	2.970	1,180,653

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019		31 December 2018	
	Fair value USD	% of net assets	Fair value USD	% of net assets
Listed Equities				
Belgium	—	—	46,648	0.89
Canada	150,711	2.60	116,968	2.22
China	204,519	3.53	289,828	5.50
Denmark	73,539	1.27	126,265	2.40
France	459,364	7.94	446,306	8.47
Germany	592,548	10.24	285,542	5.42
Hong Kong	140,487	2.43	64,823	1.23
Ireland	98,685	1.71	102,983	1.96
Israel	—	—	76,715	1.46
Italy	190,709	3.29	89,258	1.69
Japan	713,142	12.32	397,967	7.56
Luxembourg	98,253	1.70	66,227	1.26
Netherlands	121,323	2.10	98,913	1.88
Norway	65,381	1.13	49,144	0.93
Singapore	51,983	0.90	76,633	1.46
South Korea	274,941	4.75	184,317	3.50
Switzerland	45,754	0.79	213,112	4.05
Thailand	—	—	60,167	1.14
United Kingdom	851,645	14.71	774,971	14.71
United States of America	1,359,762	23.49	1,312,200	24.91
Total Investments	5,492,746	94.90	4,878,987	92.64

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management (continued)

3.1 Market risk (continued)

(a) Market price risk (continued)

	Franklin Select Global Multi-Asset Income Fund			
	31 December 2019		31 December 2018	
	Fair value USD	% of net assets	Fair value USD	% of net assets
Quoted Investment Funds				
Luxembourg	1,684,098	8.69	12,561,955	31.68
Exchange Traded Funds				
Ireland	6,499,359	33.54	2,811,966	7.09
Japan	—	—	976,923	2.46
United States of America	1,696,721	8.76	6,080,768	15.34
Listed Equities				
Australia	281,229	1.45	185,459	0.47
Belgium	6,811	0.03	—	—
Brazil	32,875	0.17	—	—
Canada	157,252	0.81	244,282	0.62
China	153,463	0.79	271,112	0.68
Denmark	56,668	0.29	242,942	0.61
Finland	21,603	0.11	—	—
France	154,684	0.80	264,864	0.67
Germany	92,416	0.48	92,357	0.23
Hong Kong	50,711	0.26	84,152	0.21
Israel	7,186	0.04	—	—
Italy	32,594	0.17	90,271	0.23
Japan	421,104	2.17	1,000,036	2.52
Macao	—	—	52,564	0.13
Malaysia	—	—	37,003	0.09
Mexico	26,583	0.14	58,754	0.15
Netherlands	102,649	0.53	137,562	0.35
Norway	—	—	120,892	0.30
Singapore	15,530	0.08	—	—
South Africa	8,044	0.04	22,528	0.06
South Korea	61,186	0.32	254,429	0.64
Spain	88,182	0.45	—	—
Sweden	74,661	0.38	105,662	0.27
Switzerland	255,808	1.32	267,628	0.67
Taiwan	24,573	0.13	189,048	0.48
Thailand	11,448	0.06	—	—
United Arab Emirates	9,920	0.05	—	—
United Kingdom	284,284	1.47	549,346	1.39
United States of America	4,247,315	21.92	4,902,435	12.36
Quoted Fixed Income Securities				
China	—	—	1,738,753	4.38
United States of America	2,502,754	12.91	5,371,883	13.55
Total Investments	<u>19,061,711</u>	<u>98.36</u>	<u>38,715,574</u>	<u>97.63</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019		31 December 2018		
	Fair value USD	% of net assets	Fair value USD	% of net assets
FUTURES				
Euro Community	—	—	11,687	0.03
Japan	(2,236)	(0.01)	—	—
United Kingdom	—	—	2,066	—*
United States of America	5,356	0.03	(16,345)	(0.04)
Total Futures	<u>3,120</u>	<u>0.02</u>	<u>(2,592)</u>	<u>(0.01)</u>
Options				
Euro Community	—	—	(2,557)	(0.01)
Japan	—	—	(13,433)	(0.03)
United States of America	—	—	(40,333)	(0.10)
Total Options	<u>—</u>	<u>—</u>	<u>(56,323)</u>	<u>(0.14)</u>

*Amount less than 0.01%

There were no individual investments with market value exceeding 10% of the Funds' net asset value at 31 December 2019. As at 31 December 2018, there was one individual investment of Franklin Select Global Multi-Asset Income Fund which constituted 13.42% of NAV.

The tables below summarise the sector allocation with concentrations exceeding 10% of the Funds' net asset value at 31 December 2019 and 2018.

Templeton Select Global Equity Fund

	2019 % of net assets	2018 % of net assets
Sector Allocation		
Communication Services	13.28	10.27
Energy	13.18	10.54
Financials	15.25	19.42
Health Care	<u>15.88</u>	<u>18.10</u>

Franklin Select Global Multi-Asset Income Fund

	2019 % of net assets	2018 % of net assets
Sector Allocation		
Financials	55.14	59.94
U.S. Government Securities	<u>12.92</u>	<u>13.55</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management (continued)

3.1 Market risk (continued)

(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 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
As at 31 December 2018		
CAD	196	116,968
CHF	1	213,112
CNH	1,610,718	—
DKK	2	126,265
EUR	829	1,251,137
GBP	2,197	659,711
JPY	978	397,967
KRW	1,841	138,139
NOK	—	49,144
SGD	1,766	76,633
THB	—	60,167

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management (continued)

3.1 Market risk (continued)

(b) Currency risk (continued)

Franklin Select Global Multi-Asset Income Fund

	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
As at 31 December 2018		
AUD	—	185,459
CAD	514	244,282
CHF	—	211,646
CNH	7,990,425	—
CNY	1,753,975	—
DKK	—	242,942
EUR	(664,240)	664,877
GBP	(378,238)	525,505
JPY	(5,574)	1,000,036
KRW	2,361	254,429
MXN	—	58,754
MYR	—	37,003
NOK	—	120,892
SEK	—	105,662
TWD	—	189,048
ZAR	—	22,528

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).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management (continued)

3.1 Market risk (continued)

(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.

The table below summarises 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 2019					
Assets					
Investments	—	877,555	1,625,199	16,558,957	19,061,711
Derivative financial instruments	—	—	—	38,411	38,411
Dividends and other accounts receivable	—	—	—	28,444	28,444
Margin cash	13,845	—	—	—	13,845
Cash and cash equivalents	467,061	—	—	—	467,061
Total assets	<u>480,906</u>	<u>877,555</u>	<u>1,625,199</u>	<u>16,625,812</u>	<u>19,609,472</u>
Liabilities					
Derivative financial 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	<u>—</u>	<u>—</u>	<u>—</u>	<u>230,946</u>	<u>230,946</u>
Total interest sensitivity gap	<u>480,906</u>	<u>877,555</u>	<u>1,625,199</u>		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management (continued)

3.1 Market risk (continued)

(c) Interest rate risk (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

	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 2018					
Assets					
Investments	—	1,634,975	5,475,661	31,604,938	38,715,574
Derivative financial instruments	—	—	—	47,186	47,186
Dividends and other accounts receivable	—	—	—	38,707	38,707
Due from brokers	—	—	—	31,985	31,985
Amounts receivable from subscription	—	—	—	49,765	49,765
Margin cash	120,920	—	—	—	120,920
Cash and cash equivalents	943,963	—	—	—	943,963
Total assets	<u>1,064,883</u>	<u>1,634,975</u>	<u>5,475,661</u>	<u>31,772,581</u>	<u>39,948,100</u>
Liabilities					
Derivative financial instruments	—	—	—	75,002	75,002
Amounts payable on redemption	—	—	—	140,214	140,214
Other accounts payable	—	—	—	76,989	76,989
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>292,205</u>	<u>292,205</u>
Total interest sensitivity gap	<u>1,064,883</u>	<u>1,634,975</u>	<u>5,475,661</u>		

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).

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 table analyses 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 table are the contractual undiscounted cash flow. Balances due within 12 months approximate their carrying balances, as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management (continued)

3.2 Liquidity risk (continued)

Templeton Select Global Equity Fund

	Less than 1 month USD	1 to 12 Months USD	Total USD
31 December 2019			
Assets			
Current assets			
Investments	5,492,746	—	5,492,746
Derivative financial 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	<u>5,808,714</u>	<u>9,288</u>	<u>5,818,002</u>
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	<u>5,796,704</u>	<u>21,298</u>	<u>5,818,002</u>
31 December 2018			
Assets			
Current assets			
Investments	4,878,987	—	4,878,987
Derivative financial instruments	6,506	—	6,506
Dividends and other accounts receivable	3,182	6,457	9,639
Cash and cash equivalents	401,038	—	401,038
Total assets	<u>5,289,713</u>	<u>6,457</u>	<u>5,296,170</u>
Liabilities			
Current liabilities			
Derivative financial instruments	285	—	285
Other accounts payable	8,311	20,783	29,094
Net assets attributable to unitholders	5,266,791	—	5,266,791
Total liabilities	<u>5,275,387</u>	<u>20,783</u>	<u>5,296,170</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management (continued)

3.2 Liquidity risk (continued)

Franklin Select Global Multi-Asset Income Fund

	Up to 1 year USD	1 to 5 years USD	More than 5 years USD	Total USD
As at 31 December 2019				
Assets				
Current assets				
Investments	17,436,512	377,593	1,247,606	19,061,711
Derivative financial instruments	38,411	—	—	38,411
Dividends and other accounts receivable	28,444	—	—	28,444
Margin cash	13,845	—	—	13,845
Cash and cash equivalents	467,061	—	—	467,061
Total assets	<u>17,984,273</u>	<u>377,593</u>	<u>1,247,606</u>	<u>19,609,472</u>
Liabilities				
Current liabilities				
Derivative financial 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	<u>19,609,472</u>	<u>—</u>	<u>—</u>	<u>19,609,472</u>
31 December 2018				
Assets				
Current assets				
Investments	33,239,913	3,002,533	2,473,128	38,715,574
Derivative financial instruments	47,186	—	—	47,186
Dividends and other accounts receivable	38,707	—	—	38,707
Due from brokers	31,985	—	—	31,985
Amounts receivable from subscription	49,765	—	—	49,765
Margin cash	120,920	—	—	120,920
Cash and cash equivalents	943,963	—	—	943,963
Total assets	<u>34,472,439</u>	<u>3,002,533</u>	<u>2,473,128</u>	<u>39,948,100</u>
Liabilities				
Current liabilities				
Derivative financial instruments	75,002	—	—	75,002
Amounts payable on redemption	140,214	—	—	140,214
Other accounts payable	76,989	—	—	76,989
Net assets attributable to unitholders	39,655,895	—	—	39,655,895
Total liabilities	<u>39,948,100</u>	<u>—</u>	<u>—</u>	<u>39,948,100</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management (continued)

3.2 Liquidity risk (continued)

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 2019 and 2018:

	2019 Number of unitholders	2018 Number of unitholders
Templeton Select Global Equity Fund	1	1
Franklin Select Global Multi-Asset Income Fund	3	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.

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 2019, all investments, amounts due from brokers, derivative financial instruments, margin cash and cash and cash equivalents are held with counterparties with a Moody's credit rating of A2 (2018: A3) 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	2019	2018
Standard & Poor's / Moody's Rating		
AA+/Aa1	12.91%	13.55%
A+/A1	—	4.38%

The maximum exposure to credit risks at 31 December 2019 and 2018 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management (continued)

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).

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 table analyses, 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 2019				
Assets				
Equity securities	5,492,746	—	—	5,492,746
Forward foreign exchange contracts	—	10,238	—	10,238
	5,492,746	10,238	—	5,502,984
	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2018				
Assets				
Equity securities	4,878,987	—	—	4,878,987
Forward foreign exchange contracts	—	6,506	—	6,506
	4,878,987	6,506	—	4,885,493
Liabilities				
Forward foreign exchange contracts	—	285	—	285
	—	285	—	285

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management (continued)

3.5 Fair value estimation (continued)

Franklin Select Global Multi-Asset Income Fund

	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
Equity securities	6,678,779	—	—	6,678,779
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				
Future contracts	2,236	—	—	2,236
	<u>2,236</u>	<u>—</u>	<u>—</u>	<u>2,236</u>

Franklin Select Global Multi-Asset Income Fund

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2018				
Assets				
Quoted investment funds	—	12,561,955	—	12,561,955
Exchange traded funds	9,869,657	—	—	9,869,657
Equity securities	9,173,326	—	—	9,173,326
Fixed income securities	1,272,616	5,838,020	—	7,110,636
Forward foreign exchange contracts	—	33,433	—	33,433
Futures contracts	13,753	—	—	13,753
	<u>20,329,352</u>	<u>18,433,408</u>	<u>—</u>	<u>38,762,760</u>
Liabilities				
Forward foreign exchange contracts	—	2,334	—	2,334
Futures contracts	16,345	—	—	16,345
Options	56,323	—	—	56,323
	<u>72,668</u>	<u>2,334</u>	<u>—</u>	<u>75,002</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Financial risk management (continued)

3.5 Fair value estimation (continued)

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 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.

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 2019 and 2018, the Funds did not have investments classified within Level 3.

For the years ended 31 December 2019 and 2018, there were no transfers of financial instruments between levels.

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

4 Derivative financial instruments

Derivative financial instruments as at year end comprises unrealised gain/(loss) on forward foreign exchange contracts, future contracts, options and swaps.

	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
	2019 USD	2018 USD	2019 USD	2018 USD
Assets				
Current assets				
Derivatives financial instruments				
- Forward foreign exchange contract	10,238	6,506	33,055	33,433
- Futures contract	—	—	5,356	13,753
Total	<u>10,238</u>	<u>6,506</u>	<u>38,411</u>	<u>47,186</u>
Liabilities				
Current liabilities				
Derivatives financial instruments				
- Forward foreign exchange contract	—	285	—	2,334
- Futures contract	—	—	2,236	16,345
- Options	—	—	—	56,323
Total	<u>—</u>	<u>285</u>	<u>2,236</u>	<u>75,002</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

4 Derivative financial instruments (continued)

Templeton Select Global Equity Fund

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

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
Net unrealised gain on forward foreign exchange contracts				10,238

31 December 2018	Contracts to Buy/(Sell)	Contract Amount USD	Settlement Date	Unrealised Gain USD
CNH	1,969,330	285,544	22-Jan-19	1,140*
CNH	1,920,720	278,576	22-Jan-19	1,032
CNH	2,255,808	327,378	22-Jan-19	1,009
CNH	1,459,687	211,586	22-Jan-19	906
CNH	1,336,922	193,831	22-Jan-19	790
CNH	1,096,007	158,875	22-Jan-19	675
CNH	585,621	84,885	22-Jan-19	367
CNH	378,186	54,841	22-Jan-19	213
CNH	411,705	59,744	22-Jan-19	190
CNH	306,950	44,500	22-Jan-19	184
Unrealised gain on forward foreign exchange contracts				6,506

	Contracts to Buy/(Sell)	Contract Amount USD	Settlement Date	Unrealised Loss USD
CNH	(268,928)	(39,047)	22-Jan-19	(102)
CNH	(344,688)	(49,995)	22-Jan-19	(183)
Unrealised loss on forward foreign exchange contracts				(285)
Net unrealised gain on forward foreign exchange contracts				6,221

* The counterparty of these outstanding forward foreign exchange contracts is a related party of the Trustee. Refer to note 7(g) for details.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

4 Derivative financial instruments (continued)

Franklin Select Global Multi-Asset Income Fund

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

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
Net unrealised gain on forward foreign exchange contracts				33,055

31 December 2018	Contracts to Buy/(Sell)	Contract Amount USD	Settlement Date	Unrealised Gain USD
CNH	11,144,136	1,615,851	22-Jan-19	6,447*
CNH	8,151,985	1,181,618	22-Jan-19	5,100
CNH	11,100,219	1,610,938	22-Jan-19	4,967
CNH	7,418,435	1,075,478	22-Jan-19	4,454
CNH	6,374,277	924,162	22-Jan-19	3,768
CNH	4,779,328	692,779	22-Jan-19	2,968
CNH	3,963,573	574,762	22-Jan-19	2,232
CNH	1,550,559	224,984	22-Jan-19	737
CNH	1,112,488	161,352	22-Jan-19	598
CNH	559,199	81,060	22-Jan-19	345
CNH	292,653	42,468	22-Jan-19	135
GBP	(300,000)	(385,206)	19-Feb-19	1,682
Unrealised gain on forward foreign exchange contracts				33,433

	Contracts to Buy/(Sell)	Contract Amount USD	Settlement Date	Unrealised Loss USD
CNH	(1,347,908)	(195,014)	22-Jan-19	(1,206)*
EUR	(587,500)	(674,879)	19-Feb-19	(1,128)
Unrealised loss on forward foreign exchange contracts				(2,334)
Net unrealised gain on forward foreign exchange contracts				31,099

* The counterparty of these outstanding forward foreign exchange contracts is a related party of the Trustee. Refer to note 7(g) for details.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

4 Derivative financial instruments (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

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

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

Description	Contract size	Notional Amount	Fair value 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

31 December 2018 Description	Contract size	Notional Amount	Fair value USD
EURO STOXX 50 Index, March, 3/15/19	(15)	EUR(456,300)	11,687
FTSE 100 Index, March, 3/15/19	(4)	GBP(267,980)	2,066
Unrealised gain on futures			13,753

Description	Contract size	Notional Amount	Fair value USD
MSCI Emerging Markets Index, March, 3/15/19	10	USD490,100	(6,700)
S&P 500 E-Mini, March, 3/15/19	6	USD761,205	(9,645)
Unrealised loss on futures			(16,345)
Net unrealised loss on futures			(2,592)

The Fund did not hold any options as at 31 December 2019.

The options held as at 31 December 2018 are as follows:

31 December 2018	Position held	Fair value USD
DJ Euro STOXX 50, Expires 1/04/19, Call Option, Strike Price EUR3,065.80	(294)	(851)
DJ Euro STOXX 50, Expires 1/11/19, Call Option, Strike Price EUR3,095.144	(294)	(1,706)
MSCI Emerging Markets Index, Expires 1/11/19, Call Option, Strike Price USD984.464	(942)	(7,151)
MSCI Emerging Markets Index, Expires 1/11/19, Call Option, Strike Price USD999.128	(937)	(3,551)
Nikkei 225, Expires 1/04/19, Call Option, Strike Price JPY20,795.84	(5,001)	(1,366)
Nikkei 225, Expires 1/11/19, Call Option, Strike Price JPY20,397.09	(5,050)	(12,067)
S&P 500 Index, Expires 1/11/19, Call Option, Strike Price USD2,544.574	(729)	(17,439)
S&P 500 Index, Expires 1/11/19, Call Option, Strike Price USD2,566.76	(722)	(12,192)
Net unrealised loss on options		(56,323)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5 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	
	2019 USD	2018 USD	2019 USD	2018 USD
Cash at bank	304,439	401,038	467,061	943,963

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.

	2019 USD	2018 USD
Margin cash	13,845	120,920

6 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 2019			31 December 2018		
	USD	HKD	RMB-H1	USD	HKD	RMB-H1
Number of units in issue at the beginning of the year	154,397.78	1,364,475.70	1,030,849.56	153,507.29	1,567,085.04	1,354,070.39
Subscription of units	137.79	96.66	—	4,319.89	11,102.30	3,523.77
Redemption of units	(3,974.46)	(96.66)	(11,484.38)	(3,429.40)	(213,711.64)	(326,744.60)
Number of units in issue at the end 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

	Franklin Select Global Multi-Asset Income Fund – Class A (Mdis)					
	31 December 2019			31 December 2018		
	USD	HKD	RMB-H1	USD	HKD	RMB-H1
Number of units in issue at the beginning of the year	1,477,445.30	16,503,566.64	6,316,750.62	700,409.94	6,136,961.67	1,708,862.77
Subscription of units	12,294.50	1,081,477.33	718,273.72	862,293.27	11,587,792.77	5,290,729.36
Redemption of units	(891,746.68)	(10,950,631.48)	(2,825,440.05)	(86,739.71)	(1,334,895.43)	(699,540.66)
Reinvestments	1,795.93	52,597.75	24,789.82	1,481.80	113,707.63	16,699.15
Number of units in issue at the end 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

	Templeton Select Global Equity Fund			
	31 December 2019		31 December 2018	
	Net assets per class USD	Net asset value per unit	Net assets per class USD	Net asset value per unit
Class A (Acc) USD	1,812,884	USD12.04	1,664,698	USD10.78
Class A (Acc) HKD	2,117,654	HKD12.09	1,896,216	HKD10.88
Class A (Acc) RMB-H1	1,857,562	CNH12.69	1,705,877	CNH11.37
Net assets attributable to unitholders	<u>5,788,100</u>		<u>5,266,791</u>	

	Franklin Select Global Multi-Asset Income Fund			
	31 December 2019		31 December 2018	
	Net assets per class USD	Net asset value per unit	Net assets per class USD	Net asset value per unit
Class A (Mdis) USD	5,550,138	USD9.25	12,838,373	USD8.69
Class A (Mdis) HKD	7,973,213	HKD9.29	18,479,785	HKD8.77
Class A (Mdis) RMB-H1	5,855,175	CNH9.63	8,337,737	CNH9.07
Net assets attributable to unitholders	<u>19,378,526</u>		<u>39,655,895</u>	

Preliminary expenses

In accordance with the explanatory memorandum, the preliminary expenses incurred in the establishment of the Funds are borne by the Funds. Such expenses will be paid out of the assets of the Funds and amortised over 5 years or as determined by the Manager for the purpose of calculating net asset value for subscription or redemption purposes. However, as stated in Note 2.8(e), the accounting policy of the Funds for the purpose of compliance with HKAS 38, "Intangible Assets" and for reporting purpose is to charge the expenses incurred in the establishment of the Funds in the year in which they arose. For the year ended 31 December 2018, preliminary expenses of USD6,582 for Templeton Select Global Equity Fund and USD25,952 for Franklin Select Global Multi-Asset Income Fund have been written back. As at 31 December 2019 and 2018, the preliminary expenses of the Funds have been fully amortised.

Net assets attributable to unitholders represent a liability in the statement of financial position, carried at the redemption amount that would be payable at the statement of financial position date if the unitholders exercised the right to redeem the units. As preliminary expenses have been fully amortised for the years ended 31 December 2019 and 2018, there is no adjustment (2018: USD8,500 and USD20,221 for Templeton Select Global Equity Fund and Franklin Select Global Multi-Asset Income Fund respectively) recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Transactions with related parties including the Trustee, the Manager and its 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 its connected persons. Connected persons of 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 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 and its associates.

(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) The following table details the related-party transactions as at year end:

Templeton Select Global Equity Fund

	Expenses		Accruals	
	2019 USD	2018 USD	2019 USD	2018 USD
Management fee	55,308	62,821	4,833	4,587
Trustee and custody fees	28,998	34,060	193	330
Registrar fee	2,213	2,513	193	184
Fund administration fee	11,062	12,564	967	917
Total	97,581	111,958	6,186	6,018

Franklin Select Global Multi-Asset Income Fund

	Expenses		Accruals	
	2019 USD	2018 USD	2019 USD	2018 USD
Management fee	243,358	225,910	13,993	29,250
Trustee and custody fees	109,763	87,315	659	1,521
Registrar fee	11,452	10,631	658	1,376
Fund administration fee	57,262	53,156	3,293	6,882
Total	421,835	377,012	18,603	39,029

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

7 Transactions with related parties including the Trustee, the Manager and its connected persons (continued)

(f) Investment transactions with associates of the Trustee

	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
	2019	2018	2019	2018
Citigroup Global Markets Inc. ("Citi")				
Aggregate value of purchase and sale of securities transacted by Citi (USD)	306,362	317,564	2,337,773	1,311
% of total purchases and sales of securities during the year	6.46	5.01	1.65	0.00
Total commission paid to Citi (USD)	514	281	—	1.00
Average commission rate (%)	0.17	0.09	—	0.08
Total commission paid by the Funds (USD)	<u>4,663</u>	<u>5,837</u>	<u>47,798</u>	<u>34,040</u>

(g) The following table sets out the open forward foreign exchange contracts whose counterparty, Citibank N.A., is a related party of the Trustee at 31 December 2019 and 2018.

	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
	2019 USD	2018 USD	2019 USD	2018 USD
Assets				
Forward foreign exchange contracts	<u>1,069</u>	<u>1,140</u>	<u>5,697</u>	<u>6,447</u>
Liabilities				
Forward foreign exchange contracts	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,206</u>

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

(h) Investment transactions with Underlying Funds

The following Underlying Funds are managed by related companies of the Manager within the same group. The following table details the related-party transactions during the years ended 31 December 2019 and 2018 for Franklin Select Global Multi-Asset Income Fund:

	Purchases		Sales	
	2019 USD	2018 USD	2019 USD	2018 USD
Franklin Global Listed Infrastructure Fund	—	689,470	—	1,344,069
Franklin High Yield Fund	—	4,322,002	5,321,257	1,291,908
Franklin LibertyQ Emerging Markets UCITS ETF	580,515	—	22,063	—
Franklin LibertyQ European Equity UCITS ETF	675,218	—	18,462	—
Franklin LibertyQ Global Dividend UCITS ETF	1,670,310	—	147,934	—
Franklin U.S. Opportunities Fund	—	2,337,014	1,775,788	523,165
Templeton Emerging Markets Bond Fund	1,220,493	1,336,842	1,420,212	198,057
Templeton Global Equity Income Fund	—	5,183,942	4,209,042	2,179,705

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

7 Transactions with related parties including the Trustee, the Manager and its connected persons (continued)

(i) 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 USD5,220 (2018: USD2,752) for Templeton Select Global Equity Fund and USD15,735 (2018: USD10,706) for Franklin Select Global Multi-Asset Income Fund for the year ended 31 December 2019.

(j) Interest in a related party of the Trustee

The following table details the number of shares held in Citigroup Inc. at 31 December 2019 and 2018 by Templeton Select Global Equity Fund.

	Shareholding	
	2019	2018
At the beginning of the year	1,270	1,710
Purchases	575	—
Sales	(300)	(440)
At the end of the year	1,545	1,270

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 Distributions

Franklin Select Global Multi-Asset Income Fund

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

The following table summarises the distributions paid by the sub-fund:

For the year ended 31 December 2019	Distribution date	Distribution amount USD
<u>Class A (Mdis) USD</u>		
Distribution of USD0.037 per unit	16 January 2019	54,665
Distribution of USD0.038 per unit	20 February 2019	54,852
Distribution of USD0.039 per unit	15 March 2019	55,855
Distribution of USD0.039 per unit	16 April 2019	54,705
Distribution of USD0.039 per unit	17 May 2019	53,547
Distribution of USD0.038 per unit	18 June 2019	50,400
Distribution of USD0.039 per unit	16 July 2019	49,367
Distribution of USD0.039 per unit	15 August 2019	48,636
Distribution of USD0.038 per unit	16 September 2019	28,375
Distribution of USD0.038 per unit	17 October 2019	27,643
Distribution of USD0.039 per unit	15 November 2019	24,563
Distribution of USD0.039 per unit	16 December 2019	24,181
<u>Class A (Mdis) HKD</u>		
Distribution of HKD0.037 per unit	16 January 2019	77,802
Distribution of HKD0.039 per unit	20 February 2019	64,832
Distribution of HKD0.039 per unit	15 March 2019	58,449
Distribution of HKD0.039 per unit	16 April 2019	56,043
Distribution of HKD0.039 per unit	17 May 2019	50,002
Distribution of HKD0.038 per unit	18 June 2019	43,047
Distribution of HKD0.040 per unit	16 July 2019	44,890
Distribution of HKD0.039 per unit	15 August 2019	42,003
Distribution of HKD0.039 per unit	16 September 2019	40,445
Distribution of HKD0.039 per unit	17 October 2019	38,626
Distribution of HKD0.039 per unit	15 November 2019	34,655
Distribution of HKD0.039 per unit	16 December 2019	32,683
<u>Class A (Mdis) RMB-H1</u>		
Distribution of CNH0.046 per unit	16 January 2019	42,433
Distribution of CNH0.047 per unit	20 February 2019	40,230
Distribution of CNH0.046 per unit	15 March 2019	37,108
Distribution of CNH0.045 per unit	16 April 2019	36,076
Distribution of CNH0.044 per unit	17 May 2019	33,570
Distribution of CNH0.043 per unit	18 June 2019	32,802
Distribution of CNH0.043 per unit	16 July 2019	32,341
Distribution of CNH0.043 per unit	15 August 2019	30,738
Distribution of CNH0.043 per unit	16 September 2019	26,848
Distribution of CNH0.042 per unit	17 October 2019	25,790
Distribution of CNH0.042 per unit	15 November 2019	25,760
Distribution of CNH0.042 per unit	16 December 2019	25,470
		1,499,432

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 Distributions (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

For the year ended 31 December 2018	Distribution date	Distribution amount USD
<u>Class A (Mdis) USD</u>		
Distribution of USD0.043 per unit	16 January 2018	30,119
Distribution of USD0.043 per unit	15 February 2018	30,528
Distribution of USD0.041 per unit	15 March 2018	29,191
Distribution of USD0.041 per unit	18 April 2018	29,197
Distribution of USD0.041 per unit	16 May 2018	29,203
Distribution of USD0.040 per unit	15 June 2018	28,624
Distribution of USD0.040 per unit	17 July 2018	28,630
Distribution of USD0.040 per unit	15 August 2018	37,503
Distribution of USD0.040 per unit	17 September 2018	48,855
Distribution of USD0.040 per unit	16 October 2018	55,236
Distribution of USD0.038 per unit	15 November 2018	56,262
Distribution of USD0.038 per unit	17 December 2018	58,630
<u>Class A (Mdis) HKD</u>		
Distribution of HKD0.043 per unit	16 January 2018	33,934
Distribution of HKD0.043 per unit	15 February 2018	38,828
Distribution of HKD0.042 per unit	15 March 2018	38,588
Distribution of HKD0.041 per unit	18 April 2018	39,294
Distribution of HKD0.041 per unit	16 May 2018	39,310
Distribution of HKD0.041 per unit	15 June 2018	39,216
Distribution of HKD0.040 per unit	17 July 2018	38,062
Distribution of HKD0.041 per unit	15 August 2018	53,933
Distribution of HKD0.040 per unit	17 September 2018	62,776
Distribution of HKD0.040 per unit	16 October 2018	68,393
Distribution of HKD0.039 per unit	15 November 2018	84,113
Distribution of HKD0.038 per unit	17 December 2018	81,331
<u>Class A (Mdis) RMB-H1</u>		
Distribution of CNH0.044 per unit	16 January 2018	11,701
Distribution of CNH0.045 per unit	15 February 2018	12,616
Distribution of CNH0.061 per unit	15 March 2018	17,297
Distribution of CNH0.059 per unit	18 April 2018	17,177
Distribution of CNH0.058 per unit	16 May 2018	16,652
Distribution of CNH0.054 per unit	15 June 2018	15,925
Distribution of CNH0.052 per unit	17 July 2018	14,791
Distribution of CNH0.052 per unit	15 August 2018	27,364
Distribution of CNH0.051 per unit	17 September 2018	33,673
Distribution of CNH0.051 per unit	16 October 2018	46,792
Distribution of CNH0.049 per unit	15 November 2018	47,086
Distribution of CNH0.048 per unit	17 December 2018	46,518
		1,387,348

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 and 2018, 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.

10 Bank loans, overdrafts and other borrowings

The Funds had no bank loans, overdrafts or other borrowings as at 31 December 2019 and 2018.

11 Security lending arrangements

The Funds did not enter into any security lending arrangements during the years ended 31 December 2019 and 2018.

12 Negotiability of assets

As at 31 December 2019 and 2018, other than as disclosed in Note 5, 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 2019 and 2018.

14 Contingent liabilities

The Funds had no contingent liability as at 31 December 2019 and 2018.

INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 31 DECEMBER 2019

TEMPLETON SELECT GLOBAL EQUITY FUND

	Holdings	Fair value (USD)	% of NAV
Investments (94.90%)			
Listed Equities (94.90%)			
Canada (2.60%)			
Husky Energy Inc.	3,560	28,566	0.49
Wheaton Precious Metals Corp.	4,105	122,145	2.11
China (3.53%)			
Baidu Inc., ADR	440	55,616	0.96
China Mobile Ltd.	8,550	71,869	1.24
China Telecom Corp. Ltd., H	187,000	77,034	1.33
Denmark (1.27%)			
A.P. Moeller-Maersk AS, B	51	73,539	1.27
France (7.94%)			
BNP Paribas SA	1,807	107,058	1.85
Sanofi	1,541	154,877	2.68
Total SA	1,120	61,796	1.07
Veolia Environnement SA	5,101	135,633	2.34
Germany (10.24%)			
Bayer AG	1,278	104,352	1.80
Deutsche Telekom AG	8,228	134,442	2.32
E.ON SE	7,485	79,945	1.38
Fresenius Medical Care AG & Co. KGaA	1,429	105,704	1.83
Merck KGaA	841	99,360	1.72
Siemens AG	526	68,745	1.19
Hong Kong (2.43%)			
CK Hutchison Holdings Ltd.	8,400	80,094	1.39
Swire Pacific Ltd., A	6,500	60,393	1.04
Ireland (1.71%)			
CRH PLC	2,467	98,685	1.71
Italy (3.29%)			
Eni SpA	8,231	127,808	2.21
Tenaris SA	5,581	62,901	1.08

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED) AS AT 31 DECEMBER 2019

TEMPLETON SELECT GLOBAL EQUITY FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Listed Equities (94.90%) (continued)			
Japan (12.32%)			
Kirin Holdings Co. Ltd.	6,200	136,352	2.36
Kyocera Corp.	400	27,532	0.47
Mitsui Fudosan Co. Ltd.	3,380	83,104	1.44
Panasonic Corp.	6,960	65,934	1.14
Sumitomo Metal Mining Co. Ltd.	3,100	101,094	1.75
Sumitomo Mitsui Financial Group Inc.	1,800	66,882	1.15
Suntory Beverage & Food Ltd.	1,835	76,743	1.33
Taiheiyo Cement Corp.	1,850	54,730	0.94
Takeda Pharmaceutical Co. Ltd.	2,528	100,771	1.74
Luxembourg (1.70%)			
SES SA, IDR	7,009	98,253	1.70
Netherlands (2.10%)			
ING Groep NV	10,122	121,323	2.10
Norway (1.13%)			
Equinor ASA	3,270	65,381	1.13
Singapore (0.90%)			
Singapore Telecommunications Ltd.	20,750	51,983	0.90
South Korea (4.75%)			
Hana Financial Group Inc.	1,976	63,075	1.09
KB Financial Group Inc., ADR	1,370	56,677	0.98
Samsung Electronics Co. Ltd.	3,215	155,189	2.68
Switzerland (0.79%)			
Roche Holding AG	141	45,754	0.79
United Kingdom (14.71%)			
BAE Systems PLC	8,295	62,051	1.07
BP PLC	25,879	161,643	2.79
Johnson Matthey PLC	1,229	48,767	0.84
Kingfisher PLC	28,057	80,637	1.39
LivaNova PLC	700	52,801	0.91
M&G PLC	5,602	17,599	0.30
Prudential PLC	5,957	114,323	1.98
Royal Dutch Shell PLC, A	4,805	140,992	2.44
Standard Chartered PLC	7,854	74,106	1.28
Vodafone Group PLC	50,791	98,726	1.71

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED) AS AT 31 DECEMBER 2019

TEMPLETON SELECT GLOBAL EQUITY FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Listed Equities (94.90%) (continued)			
United States of America (23.49%)			
Allergan PLC	850	162,495	2.81
Apache Corp.	2,300	58,857	1.02
Citigroup Inc.	1,545	123,430	2.13
Comcast Corp., A	2,520	113,324	1.96
Exxon Mobil Corp.	790	55,126	0.95
Gilead Sciences Inc.	1,430	92,921	1.60
Jones Lang LaSalle Inc.	380	66,154	1.14
Kellogg Co.	1,280	88,525	1.53
Oracle Corp.	1,770	93,775	1.62
The Kroger Co.	3,470	100,595	1.74
United Parcel Service Inc., B	990	115,889	2.00
Verizon Communications Inc.	1,100	67,540	1.17
Walgreens Boots Alliance Inc.	1,410	83,134	1.44
Wells Fargo & Co.	2,565	137,997	2.38
Total Investments		5,492,746	94.90
Net Forward Foreign Exchange Contracts Value (Note 4)		10,238	0.18
Other Net Assets		5,502,984	95.08
		285,116	4.92
Net Assets as at 31 December 2019		5,788,100	100.00
Total Investments at cost as at 31 December 2019		5,395,911	

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED) AS AT 31 DECEMBER 2019

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND

	Holdings	Fair value (USD)	% of NAV
Investments (98.36%)			
Quoted Investment Funds (50.99%)			
Luxembourg (8.69%)			
Franklin High Yield Fund	30,570	292,252	1.51
Templeton Emerging Markets Bond Fund	177,985	1,391,846	7.18
Exchange Traded Funds (42.30%)			
Ireland (33.54%)			
Franklin LibertyQ Emerging Markets UCITS ETF	22,639	587,142	3.03
Franklin LibertyQ European Equity UCITS ETF	21,552	684,057	3.53
Franklin LibertyQ Global Dividend UCITS ETF	55,819	1,557,071	8.03
HSBC MSCI WORLD UCITS ETF	7,465	175,437	0.91
iShares Core Global Aggregate Bond UCITS ETF	317,356	1,746,093	9.01
iShares Global Corporate Bond UCITS ETF	17,166	1,749,559	9.03
United States of America (8.76%)			
Vanguard Total International Bond ETF	29,988	1,696,721	8.76
Listed Equities (34.46%)			
Australia (1.45%)			
AGL Energy Ltd.	960	13,829	0.07
BHP Group Ltd.	1,773	48,417	0.25
Cochlear Ltd.	84	13,245	0.07
Coles Group Ltd.	1,524	15,869	0.08
Dexus	1,226	10,065	0.05
Fortescue Metals Group Ltd.	1,446	10,846	0.06
Goodman Group	1,043	9,784	0.05
Medibank Private Ltd.	4,209	9,332	0.05
Mirvac Group	4,078	9,099	0.05
Rio Tinto Ltd.	420	29,587	0.15
Rio Tinto PLC	984	58,686	0.30
Telstra Corp. Ltd.	6,007	14,920	0.08
Woolworths Group Ltd.	1,480	37,550	0.19
Belgium (0.03%)			
Proximus SADP	238	6,811	0.03
Brazil (0.17%)			
IRB Brasil Resseguros SA	1,005	9,739	0.05
Itausa-Investimentos Itau SA, pfd.	6,600	23,136	0.12
Canada (0.81%)			
Brookfield Asset Management Inc., A	1,059	61,186	0.32
EnCana Corp.	1,905	8,919	0.05
Kirkland Lake Gold Ltd.	264	11,637	0.06
Magna International Inc.	362	19,848	0.10
Onex Corp.	169	10,694	0.05

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED) AS AT 31 DECEMBER 2019

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Listed Equities (34.46%) (continued)			
Canada (0.81%) (continued)			
Power Financial Corp.	319	8,583	0.04
Sun Life Financial Inc.	798	36,385	0.19
China (0.79%)			
Bank of Communications Co. Ltd., H	13,000	9,242	0.05
China CITIC Bank Corp. Ltd., H	12,100	7,252	0.04
China Minsheng Banking Corp. Ltd., H	10,500	7,937	0.04
China Mobile Ltd.	5,000	42,029	0.22
China Overseas Land & Investment Ltd.	5,000	19,474	0.10
China Telecom Corp. Ltd., H	18,000	7,415	0.04
CNOOC Ltd.	16,000	26,611	0.14
Country Garden Holdings Co. Ltd.	8,000	12,813	0.06
ENN Energy Holdings Ltd.	800	8,742	0.04
Sunac China Holdings Ltd.	2,000	11,948	0.06
Denmark (0.29%)			
Coloplast AS, B	179	22,200	0.11
Novo Nordisk AS, B	594	34,468	0.18
Finland (0.11%)			
Neste Oil OYJ	621	21,603	0.11
France (0.80%)			
Atos SE	140	11,668	0.06
Hermes International	45	33,620	0.17
LVMH Moët Hennessy Louis Vuitton SE	127	58,992	0.30
Peugeot SA	848	20,256	0.11
Ubisoft Entertainment SA	127	8,770	0.05
Veolia Environnement SA	804	21,378	0.11
Germany (0.48%)			
Adidas AG	159	51,674	0.27
Aroundtown SA	1,430	12,804	0.06
Hannover Rueck SE	87	16,811	0.09
Sartorius AG, pfd.	52	11,127	0.06
Hong Kong (0.26%)			
Sun Hung Kai Properties Ltd.	2,000	30,620	0.16
Swire Pacific Ltd., A	1,000	9,291	0.05
Wheelock and Co. Ltd.	1,620	10,800	0.05
Israel (0.04%)			
Israel Discount Bank Ltd.	1,550	7,186	0.04
Italy (0.17%)			
Assicurazioni Generali SpA	1,580	32,594	0.17

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED) AS AT 31 DECEMBER 2019

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Listed Equities (34.46%) (continued)			
Japan (2.17%)			
Bandai Namco Holdings Inc.	300	18,305	0.10
Daito Trust Construction Co. Ltd.	100	12,404	0.06
FUJIFILM Holdings Corp.	400	19,250	0.10
Hitachi Ltd.	700	29,797	0.15
Hoya Corp.	300	28,847	0.15
Kajima Corp.	700	9,391	0.05
KDDI Corp.	1,200	35,920	0.19
Mitsubishi Electric Corp.	2,400	33,093	0.17
Mitsubishi Heavy Industries Ltd.	400	15,636	0.08
NEC Corp.	300	12,478	0.06
Nippon Telegraph & Telephone Corp.	1,600	40,591	0.21
Obayashi Corp.	1,000	11,199	0.06
ORIX Corp.	1,900	31,662	0.16
Sekisui House Ltd.	900	19,325	0.10
Shionogi & Co. Ltd.	400	24,907	0.13
Softbank Corp.	1,600	21,488	0.11
Subaru Corp.	700	17,478	0.09
Toho Co. Ltd.	100	4,182	0.02
Tokyo Electric Power Co. Holdings Inc.	2,200	9,454	0.05
Toppan Printing Co. Ltd.	400	8,322	0.04
West Japan Railway Co.	200	17,375	0.09
Mexico (0.14%)			
Fibra Uno Administracion SA de CV	4,200	6,499	0.03
Grupo Financiero Banorte SAB de CV	3,600	20,084	0.11
Netherlands (0.53%)			
Heineken Holding NV	183	17,731	0.09
Koninklijke Ahold Delhaize NV	1,728	43,205	0.22
Randstad NV	184	11,234	0.06
Wolters Kluwer NV	418	30,479	0.16
Singapore (0.08%)			
CapitaLand Mall Trust	3,900	7,132	0.04
Singapore Exchange Ltd.	1,275	8,398	0.04
South Africa (0.04%)			
Vodacom Group Ltd.	977	8,044	0.04
South Korea (0.32%)			
Hana Financial Group Inc.	453	14,460	0.07
Kia Motors Corp.	387	14,831	0.08
Shinhan Financial Group Co. Ltd.	656	24,600	0.13
Woori Financial Group Inc.	727	7,295	0.04
Spain (0.45%)			
Endesa SA	494	13,180	0.07
Iberdrola SA	3,267	33,633	0.17

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2019

	Holdings	Fair value (USD)	% of NAV
Listed Equities (34.46%) (continued)			
Spain (0.45%) (continued)			
Industria de Diseno Textil SA	360	12,697	0.06
Red Electrica Corp. SA	636	12,785	0.07
Telefonica SA	2,275	15,887	0.08
Sweden (0.38%)			
Atlas Copco AB, A	972	38,771	0.20
Boliden AB	407	10,798	0.05
Hennes & Mauritz AB, B	673	13,687	0.07
SKF AB, B	564	11,405	0.06
Switzerland (1.32%)			
Adecco Group AG	241	15,247	0.08
Baloise Holding AG	70	12,660	0.07
EMS-Chemie Holding AG	12	7,893	0.04
Geberit AG	53	29,752	0.15
Partners Group Holding AG	29	26,595	0.14
Roche Holding AG	304	98,647	0.51
SGS SA	8	21,917	0.11
Sonova Holding AG	83	18,999	0.10
Swiss Life Holding AG	48	24,098	0.12
Taiwan (0.13%)			
Taiwan Mobile Co. Ltd.	2,000	7,489	0.04
The Shanghai Commercial & Savings Bank Ltd.	4,000	6,954	0.04
Yuanta Financial Holding Co. Ltd.	15,000	10,130	0.05
Thailand (0.06%)			
Advanced Info Service PCL, fgn.	1,600	11,448	0.06
United Arab Emirates (0.05%)			
Dubai Islamic Bank PJSC	6,613	9,920	0.05
United Kingdom (1.47%)			
3i Group PLC	1,504	21,872	0.11
Admiral Group PLC	296	9,052	0.05
Auto Trader Group PLC	1,323	10,419	0.05
Barratt Developments PLC	1,643	16,247	0.08
BHP Group PLC	2,201	51,796	0.27
Burberry Group PLC	596	17,406	0.09
Fiat Chrysler Automobiles NV	1,298	19,206	0.10
Hargreaves Lansdown PLC	417	10,687	0.06
Legal & General Group PLC	8,473	34,003	0.18
Mondi PLC	700	16,433	0.08
Next PLC	200	18,590	0.10
Persimmon PLC	487	17,383	0.09
Taylor Wimpey PLC	5,169	13,240	0.07
The Berkeley Group Holdings PLC	190	12,227	0.06
The Sage Group PLC	1,585	15,723	0.08

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

AS AT 31 DECEMBER 2019

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Listed Equities (34.46%) (continued)			
United States of America (21.92%)			
AbbVie Inc.	304	26,916	0.14
Accenture PLC, A	353	74,331	0.38
Acuity Brands Inc.	72	9,936	0.05
Air Products and Chemicals Inc.	215	50,523	0.26
Akamai Technologies Inc.	205	17,708	0.09
Align Technology Inc.	71	19,812	0.10
Allegion PLC	76	9,465	0.05
Alphabet Inc., A	32	42,860	0.22
Alphabet Inc., C	113	151,083	0.78
American Tower Corp.	128	29,417	0.15
American Water Works Co. Inc.	245	30,098	0.16
ANSYS Inc.	157	40,413	0.21
Apple Inc.	745	218,769	1.13
Atmos Energy Corp.	234	26,175	0.14
Automatic Data Processing Inc.	366	62,403	0.32
AutoZone Inc.	28	33,357	0.17
Best Buy Co. Inc.	284	24,935	0.13
Biogen Inc.	167	49,554	0.26
Bristol-Myers Squibb Co.	260	16,689	0.09
Bristol-Myers Squibb Co., rts., 2/01/49	260	783	-*
Broadridge Financial Solutions Inc.	214	26,438	0.14
Cabot Oil & Gas Corp., A	602	10,481	0.05
Cadence Design Systems Inc.	306	21,224	0.11
Cardinal Health Inc.	381	19,271	0.10
CBRE Group Inc.	389	23,842	0.12
Cerner Corp.	335	24,586	0.13
Cintas Corp.	159	42,784	0.22
Citrix Systems Inc.	237	26,283	0.14
Clorox Co.	233	35,775	0.18
Colgate-Palmolive Co.	744	51,217	0.26
Copart Inc.	215	19,552	0.10
CoStar Group Inc.	53	31,710	0.16
Cummins Inc.	234	41,877	0.22
Darden Restaurants Inc.	232	25,290	0.13
Discover Financial Services	406	34,437	0.18
Eaton Vance Corp.	123	5,743	0.03
Edwards Lifesciences Corp.	144	33,594	0.17
Electronic Arts Inc.	216	23,222	0.12
EPAM Systems Inc.	106	22,489	0.12
Equity Lifestyle Properties Inc.	234	16,471	0.08
Estee Lauder Cos. Inc., A	192	39,656	0.21
F5 Networks Inc.	115	16,060	0.08
Facebook Inc., A	363	74,506	0.38
FactSet Research Systems Inc.	75	20,123	0.10
Fastenal Co.	734	27,121	0.14
Fortinet Inc.	166	17,722	0.09
H&R Block Inc.	279	6,551	0.03
HEICO Corp.	82	9,360	0.05

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED) AS AT 31 DECEMBER 2019

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Listed Equities (34.46%) (continued)			
United States of America (21.92%) (continued)			
HEICO Corp., A	136	12,176	0.06
Honeywell International Inc.	389	68,853	0.36
IDEX Corp.	142	24,424	0.13
IDEXX Laboratories Inc.	157	40,997	0.21
IHS Markit Ltd.	489	36,846	0.19
Illinois Tool Works Inc.	331	59,458	0.31
Illumina Inc.	81	26,871	0.14
Ingersoll-Rand PLC	315	41,870	0.22
Intuit Inc.	237	62,077	0.32
Keysight Technologies Inc.	180	18,473	0.10
Kimberly-Clark Corp.	305	41,953	0.22
Lam Research Corp.	186	54,386	0.28
Lennox International Inc.	66	16,102	0.08
Lockheed Martin Corp.	226	88,000	0.45
Lululemon Athletica Inc.	125	28,959	0.15
LyondellBasell Industries NV, A	386	36,469	0.19
ManpowerGroup Inc.	119	11,555	0.06
MarketAxess Holdings Inc.	41	15,544	0.08
Mastercard Inc., A	381	113,763	0.59
McKesson Corp.	221	30,569	0.16
Mettler-Toledo International Inc.	46	36,491	0.19
Micron Technology Inc.	306	16,457	0.09
Microsoft Corp.	1,512	238,442	1.23
Monster Beverage Corp.	335	21,289	0.11
Moody's Corp.	242	57,453	0.30
NetApp Inc.	291	18,115	0.09
NIKE Inc., B	518	52,479	0.27
Northrop Grumman Corp.	121	41,620	0.22
NVR Inc.	6	22,850	0.12
Old Dominion Freight Line Inc.	117	22,204	0.11
Omnicom Group Inc.	323	26,169	0.14
O'Reilly Automotive Inc.	79	34,623	0.18
Paychex Inc.	391	33,258	0.17
PepsiCo Inc.	638	87,195	0.45
Public Storage	212	45,148	0.23
Robert Half International Inc.	232	14,651	0.08
Rockwell Automation Inc.	219	44,385	0.23
Rollins Inc.	183	6,068	0.03
Roper Technologies Inc.	164	58,094	0.30
Ross Stores Inc.	285	33,180	0.17
S&P Global Inc.	173	47,238	0.24
SEI Investments Co.	154	10,084	0.05
Simon Property Group Inc.	213	31,728	0.16
Snap-on Inc.	99	16,771	0.09
Spirit AeroSystems Holdings Inc.	189	13,774	0.07
Starbucks Corp.	436	38,333	0.20
STERIS PLC	164	24,997	0.13
Synchrony Financial	831	29,924	0.15

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED) AS AT 31 DECEMBER 2019

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Listed Equities (34.46%) (continued)			
United States of America (21.92%) (continued)			
Synopsys Inc.	181	25,195	0.13
Sysco Corp.	509	43,540	0.23
T. Rowe Price Group Inc.	339	41,304	0.21
Texas Instruments Inc.	454	58,244	0.30
The Cooper Cos. Inc.	92	29,559	0.15
The Hershey Co.	183	26,897	0.14
The Procter & Gamble Co.	756	94,424	0.49
The Progressive Corp.	412	29,825	0.15
Tractor Supply Co.	218	20,370	0.11
UGI Corp.	306	13,819	0.07
Ulta Beauty Inc.	65	16,454	0.09
Veeva Systems Inc.	128	18,004	0.09
VeriSign Inc.	198	38,151	0.20
ViacomCBS Inc., B	274	11,500	0.06
VMware Inc., A	116	17,608	0.09
Vornado Realty Trust	217	14,431	0.07
W.W. Grainger Inc.	71	24,035	0.12
Waste Management Inc.	467	53,219	0.27
Yum! Brands Inc.	355	35,759	0.18
Quoted Fixed Income Securities (12.91%)			
United States Dollar (12.91%)			
U.S. Treasury Bond, 3.125%, 2/15/43	219,100	248,282	1.28
U.S. Treasury Note, 2.25%, 11/15/24	368,200	377,593	1.95
U.S. Treasury Note, 2.25%, 2/15/27	729,800	749,578	3.86
U.S. Treasury Note, 3.00%, 5/15/45	223,900	249,746	1.29
U.S. Treasury Note, 3.50%, 5/15/20	871,700	877,555	4.53
Total Investments		19,061,711	98.36
Net Forward Foreign Exchange Contracts Value (Note 4)		33,055	0.17
Futures (Note 4)			
MSCI Emerging Markets Index, March, 3/20/20	4	5,356	0.03
Nikkei 225 Mini, March, 3/12/20	(9)	(2,236)	(0.01)
Total Futures		3,120	0.02
		19,097,886	98.55
Other Net Assets		280,640	1.45
Net Assets as at 31 December 2019		19,378,526	100.00
Total Investments at cost as at 31 December 2019		18,278,536	

*Amount less than 0.01%

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED) FOR THE YEAR ENDED 31 DECEMBER 2019

TEMPLETON SELECT GLOBAL EQUITY FUND

	Percentage holdings of net assets 2019 %	Percentage holdings of net assets 2018 %
Investments		
Listed Equities		
Belgium	—	0.89
Canada	2.60	2.22
China	3.53	5.50
Denmark	1.27	2.40
France	7.94	8.47
Germany	10.24	5.42
Hong Kong	2.43	1.23
Ireland	1.71	1.96
Israel	—	1.46
Italy	3.29	1.69
Japan	12.32	7.56
Luxembourg	1.70	1.26
Netherlands	2.10	1.88
Norway	1.13	0.93
Singapore	0.90	1.46
South Korea	4.75	3.50
Switzerland	0.79	4.05
Thailand	—	1.14
United Kingdom	14.71	14.71
United States of America	23.49	24.91
Total Investments	94.90	92.64
Forward Foreign Exchange Contracts (Note 4)	0.18	0.11
	95.08	92.75
Other Net Assets	4.92	7.25
Net Assets as at year end	100.00	100.00

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)
(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND

	Percentage holdings of net assets 2019 %	Percentage holdings of net assets 2018 %
Investments		
Quoted Investment Funds		
Luxembourg	8.69	31.68
Exchange Traded Funds		
Ireland	33.54	7.09
Japan	—	2.46
United States of America	8.76	15.34
Listed Equities		
Australia	1.45	0.47
Belgium	0.03	—
Brazil	0.17	—
Canada	0.81	0.62
China	0.79	0.68
Denmark	0.29	0.61
Finland	0.11	—
France	0.80	0.67
Germany	0.48	0.23
Hong Kong	0.26	0.21
Israel	0.04	—
Italy	0.17	0.23
Japan	2.17	2.52
Macao	—	0.13
Malaysia	—	0.09
Mexico	0.14	0.15
Netherlands	0.53	0.35
Norway	—	0.30
Singapore	0.08	—
South Africa	0.04	0.06
South Korea	0.32	0.64
Spain	0.45	—
Sweden	0.38	0.27
Switzerland	1.32	0.67
Taiwan	0.13	0.48
Thailand	0.06	—
United Arab Emirates	0.05	—
United Kingdom	1.47	1.39
United States of America	21.92	12.36

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)
(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Percentage holdings of net assets 2019 %	Percentage holdings of net assets 2018 %
Investments (continued)		
Quoted Fixed Income Securities		
Chinese Yuan	—	4.38
United States Dollar	12.91	13.55
Total Investments	98.36	97.63
Forward Foreign Exchange Contracts (Note 4)	0.17	0.08
Futures (Note 4)	0.02	(0.01)
Options (Note 4)	—	(0.14)
	98.55	97.56
Other Net Assets	1.45	2.44
Net Assets as at year end	100.00	100.00

PERFORMANCE TABLE (UNAUDITED) FOR THE YEAR ENDED 31 DECEMBER 2019

TEMPLETON SELECT GLOBAL EQUITY FUND

NET ASSET VALUES

	Financial period	Net asset value	Net asset value per unit in issue
Class A (acc) USD	31.12.2019	USD1,812,884	USD12.04
Class A (acc) USD	31.12.2018	USD1,664,698	USD10.78
Class A (acc) USD	31.12.2017	USD1,966,089	USD12.81
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) HKD	31.12.2017	USD2,587,018	HKD12.90
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
Class A (acc) RMB-H1	31.12.2017	USD2,771,877	CNH13.33

PERFORMANCE RECORD

	Financial period	Highest net asset value per unit	Lowest net asset value per unit
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	31.12.2019	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	31.12.2019	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 2019

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	31.12.2019	USD5,550,138	USD9.25
Class A (Mdis) USD	31.12.2018	USD12,838,373	USD8.69
Class A (Mdis) USD	31.12.2017	USD7,072,484	USD10.10
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) HKD	31.12.2017	USD7,984,580	HKD10.16
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
Class A (Mdis) RMB-H1	31.12.2017	USD2,756,196	CNH10.51

PERFORMANCE RECORD

	Financial period	Highest net asset value per unit	Lowest net asset value per unit
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	31.12.2019	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	31.12.2019	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

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