

Product Key Facts
Franklin Templeton Investment Funds –
Franklin U.S. Dollar Short-Term Money Market Fund

Issuer: Franklin Templeton Investments (Asia) Limited

Last updated: April 2021

- **This statement provides you with key information about this product.**
- **This statement is a part of the offering document.**
- **You should not invest in this product based on this statement alone.**

Quick facts

Management company: Franklin Templeton International Services S.à r.l.

Investment manager(s): Franklin Advisers, Inc., United States of America (internal delegation)

Depository: J.P. Morgan Bank Luxembourg S.A.

Base currency: USD

Financial year end of this Fund: 30 June

Dealing frequency: Every Hong Kong Business Day

Minimum Investment: USD 1,000 [initial] and USD 500 [subsequent purchases] or equivalent

Ongoing charges over a year[#]:

Class A (Mdis) USD: 0.24%

Class A (acc) USD: 0.24%

Class B (Mdis) USD: 1.32%

[#]The ongoing charges figures are based on the semi-annual financial statements for the period ended 31 December 2020. These figures may vary from year to year.

Dividend policy: Dividends, if declared, will be reinvested unless indicated by you in the application form to be paid out. Subject to any legal and regulatory requirements, the Fund may at its discretion pay dividends out of the capital or out of gross income of the Fund while charging / paying all or part of the Fund's fees and expenses to / out of the capital of the Fund, which results in an increase in distributable income for the payment of dividends by the Fund and therefore, the Fund may effectively pay dividends out of capital. The Fund may amend such distribution policy subject to the SFC's prior approval and by giving not less than one month's prior notice to investors. Any distributions involving payment of dividends out of the Fund's capital or payment of dividends effectively out of the Fund's capital (as the case may be) may result in an immediate reduction of the net asset value per share.

What is this product?

This is a fund constituted in the form of a mutual fund. It is domiciled in Luxembourg and its home regulator is Commission de Surveillance du Secteur Financier.

Investment Objective and Policy

Franklin U.S. Dollar Short-Term Money Market Fund (the "Fund") aims to maintain a high degree of capital preservation and liquidity while maximising returns in the US dollar.

The Fund invests:

- *principally (that is, at least two-thirds of the Fund's net assets) in high quality Money Market Instruments (as defined in Article 2(1) of the UCITS Directive and as referred to in Article 3 of Commission Directive 2007/16/EC) which consist primarily of*

short-term fixed and floating-rate debt securities, commercial papers, floating-rate notes and certificates of deposit of credit institutions that comply with the European Money Market Fund Regulation¹.

- to a lesser extent, in eligible securitisation and asset-backed commercial paper as well as deposits and cash denominated in US dollar.

These investments shall be denominated in US dollar and up to 100% may be issued or guaranteed by sovereign governments of member states of the OECD, supranational entities, including most prominently instruments issued or guaranteed by the United States Government and its agencies and related entities, including but not limited to, the United States Treasury, the U.S. Federal Reserve, the Federal National Mortgage Association (FNMA), the Government National Mortgage Association (GNMA), and the Federal Home Loan Mortgage Corporation (Freddie Mac), the Federal Home Loan Banks (FHLB), and supranational organisations that the United States and at least one EU Member State participates in, including but not limited to the International Bank for Reconstruction and Development (IBRD or World Bank), the International Finance Corporation (IFC), and the Inter-American Development Bank (IADB). In addition to receiving a favourable assessment of their credit quality pursuant to the Management Company's internal credit quality assessment procedure, all investments at the time of purchase shall have a minimum long-term rating of A or better by Standard & Poor's Corporation ("S&P") or A2 or better by Moody's Investors Service, Inc. ("Moody's") or similar rating by any other internationally recognised statistical rating organisation, corresponding to a short-term rating of A-1 by S&P IP-1 by Moody's or equivalent or, if unrated, be declared to be of comparable quality by the Investment Manager.

In exceptional market circumstances (such as extreme volatility) and on a temporary basis only, 100% of the Fund's net assets may be invested in liquid assets, with due regard to the principle of risk spreading.

The Fund will seek to remove currency risk by hedging non-U.S. dollar investments to the U.S. dollar. The investment team seeks to anticipate changes that may affect bond prices and to buy and sell investments accordingly.

The Fund maintains a weighted average maturity not exceeding 60 days. The Fund only holds securities which at the time of acquisition have an initial or residual maturity not exceeding 397 days.

The Fund may use financial derivative instruments only for the purpose of hedging the interest rate or exchange rate risks inherent in other investments of the Fund.

The Fund may also invest in repurchase and reverse repurchase agreements within the limits described below, as well as less than 10% of the Fund's net assets in units or shares of any other short-term Money Market Fund. The expected level of exposure that could be subject to repurchase agreements amounts to 10% of the Fund's net assets, subject to a maximum of 10%. The expected level of exposure that could be subject to reverse repurchase agreements amounts to 20% of the Fund's net assets, subject to a maximum of 35%. The aggregate amount of cash provided to the same counterparty in reverse repurchase agreements shall not exceed 15% of the net assets of the Fund.

Important Note

Purchase of a share in this Fund is not the same as placing funds on deposit with a bank or deposit-taking company. The Management Company has no obligation to redeem shares at the offer value. This Fund is not subject to the supervision of the Hong Kong Monetary Authority.

Use of derivatives / investment in derivatives

The Fund's net derivative exposure may be up to 50% of the Fund's net asset value.

What are the key risks?

Investment involves risks. Please refer to the offering document for details including the risk factors.

- **Debt securities risk:** The Fund is exposed to the credit/default risk of issuers of the debt securities that the Fund may invest in. Investment in the Fund is subject to interest rate risk. The debt securities will generally increase in value when interest rates

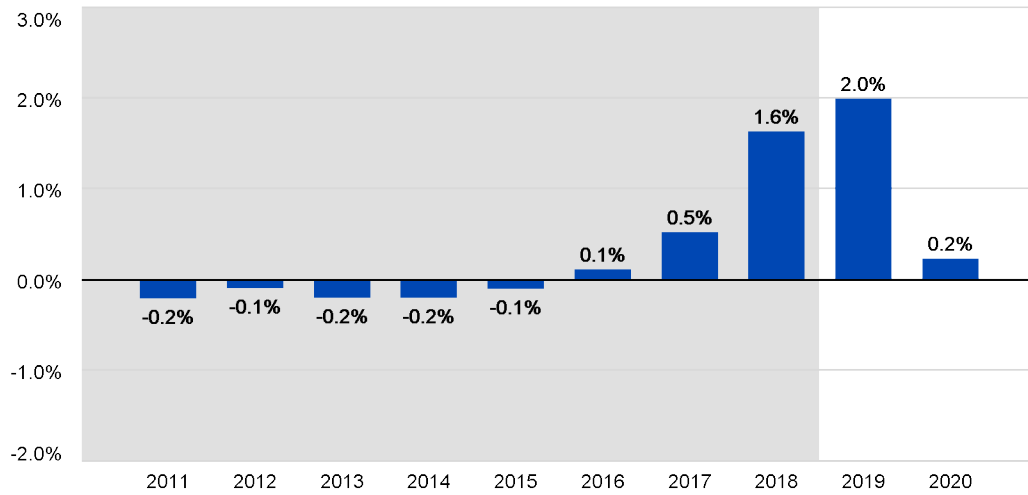
¹ Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds, as it may be amended or supplemented from time to time

fall and decrease in value when interest rates rise. Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. The Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situation, the governmental entity may be unwilling or unable to pay interest and repay principal, or the indebtedness may be restructured. In the event of a default on sovereign debt, the Fund may suffer significant losses.

- **Market risk:** The market values of securities owned by the Fund will tend to go up or down, sometimes rapidly or unpredictably, due to factors affecting individual issuers, particular industries or sectors within securities markets, or because of general market conditions. During a general downturn in the securities markets, multiple asset classes (including different sectors of the same asset class) may decline in value at the same time. Similarly, when markets perform well, there can be no assurance that securities held by the Fund will participate in the advance. Because the securities the Fund holds fluctuate in price in this manner, the Fund's value may go down as well as up and investors may be adversely affected.
- **Underlying investment funds risk:** The Fund will be subject to the risks associated with any investment funds held by it. The Fund does not have control of the investments of the Underlying Funds and there is no assurance that the investment objective and strategy of the Underlying Funds will be successfully achieved, which may have a negative impact to the net asset value of the Fund. The Fund may not accomplish its intended investment purpose if the Underlying Funds hold common securities or trade securities with one another. The Underlying Funds in which the Fund may invest may not be regulated by the SFC. Investing in other investment funds may be more costly and risky to the Fund than if the Fund had invested in the underlying securities directly. Shareholders of the Fund will indirectly bear the fees and expenses of the Underlying Funds. There is also no guarantee that the Underlying Funds will always have sufficient liquidity to meet the Fund's redemption requests as and when made. The Fund may be adversely affected as a result of such risks.
- **Credit risk:** The Fund is exposed to the credit/default risk of issuers of the debt securities that the Fund may invest in. Changes in the financial condition of an issuer, changes in economic and political conditions in general, or changes in economic and political conditions specific to an issuer, are factors that may have an adverse impact on an issuer's credit quality and security value. Default can occur if an issuer fails to make principal and interest payments when due, which may result in a substantial loss to the Fund. Debt securities are also exposed to the risk of being downgraded, which can adversely affect and/or result in a substantial loss to the Fund.
- **Liquidity risk:** The Fund may not be able to easily sell securities due to adverse market conditions or reduced value or creditworthiness of issuers in which it invests. The inability of the Fund to sell securities or positions may also impede the ability of the Fund to meet redemption requests in a timely manner. Certain securities may also be illiquid due to limited trading markets or contractual restrictions on their resale. Reduced liquidity due to these factors may have an adverse impact on the net asset value of the Fund.
- **Valuation risk:** Valuation of the Fund's investments may involve uncertainties and judgmental determinations. Independent pricing information may not always be available. If valuations prove to be incorrect, the investors of the Fund may be adversely affected.
- **Volatility risk:** The debt securities in emerging markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Fund may incur significant trading costs.
- **Concentration risk:** The Fund's investments are concentrated in a single country. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments and may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting the country in which it invests.
- **Counterparty risk:** The Fund may be exposed to risks arising from the solvency of its counterparties and the Fund/investors may be adversely impacted.

- **Securitisation risk:** A securitisation is composed of multiple tranches, usually spanning from the equity tranche (highest risk) to the senior tranche (the lowest risk). The performance of each tranche is determined by the performance of the underlying assets or “collateral pool”. The collateral pool can encompass securities with different credit qualities, including high-yield securities and junk bonds, and the credit rating of the tranche is not reflective of the quality of the underlying assets. A securitization may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.
- **Repurchase and reverse repurchase transactions risk:** Collateral received may yield less than the cash placed out if the counterparty with which cash of a Fund has been placed defaults. Locking cash in transactions of excessive size or duration, delays in recovering cash placed out, or difficulty in realising collateral may also restrict the ability of the Fund to meet redemption requests, security purchases or, more generally, reinvestment. The Fund may also be subject to risks associated with optional or forward derivative financial instruments. In the event of the failure of the counterparty with which collateral has been placed, the fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.
- **Dividend policy risk:** The Fund’s dividend policy allows for payment of dividends out of capital or effectively out of capital. Where this is done, it amounts to a return or withdrawal of part of an investor’s original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund’s capital or payment of dividends effectively out of the Fund’s capital (as the case may be) may result in an immediate reduction of the net asset value per share.
- **Derivative instruments risk:** Derivative instruments involve cost, may be volatile, and may involve a leverage effect. A small market movement may give rise to a proportionately larger impact, which may cause substantial loss to the Fund. Other risks include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. In adverse situations, the Fund’s use of derivative instruments may become ineffective and the Fund may suffer significant losses.

How has the Fund performed?



■ The performance of the Fund in these years was achieved under circumstances that no longer apply. The investment policy was changed in 2019.

- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividends reinvested.
- These figures show by how much class A (Mdis) USD increased or decreased in value during the calendar year being shown. Class A (Mdis) USD is the share class available in Hong Kong with the longest history in the Fund. Performance data has been calculated in USD, including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Fund launch date: 1 June 1994
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- Effective 25 February 2021, LIBID-USD-1-Month-Rate Index was added as the benchmark of the Fund to adhere to European disclosure rules regarding the use of benchmark.

Is there any guarantee?

This Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?
Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the Fund.

	Class A	Class B
Subscription fee (Initial sales charge)	Up to 5.00% of the subscription amount	N/A
Switching fee (Switching charge)*	1.00% of the value of the shares being switched	N/A
Redemption fee (Redemption charge)	N/A	Up to 4.00%

Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the Fund's net asset value)	
	Class A**	Class B***
Management fee (Investment management fee)*	0.30%	0.30%
Depositary fee	Up to 0.140%	Up to 0.140%
Performance fee	N/A	N/A
Administration fee	N/A	N/A
Maintenance charge*	0.10%	0.10%
Servicing charge	N/A	1.06%
Registrar and Transfer, Corporate, Domiciliary and Administrative Agent fee +	Up to 0.2175%	Up to 0.2175%
Additional fixed amount per Shareholder account at each Class level	Up to USD 30 per annum	Up to USD 30 per annum

*The current fee level may be increased up to the maximum level permitted by the constitutive document of the Fund by giving one month's prior notice to the shareholders.

** The Annual Management Fees as defined in the Explanatory Memorandum comprise of the Management Fee (Investment Management Fee) and the Maintenance Charge.

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Other fees

You may have to pay other fees and charges when dealing in the shares of the Fund.

Additional Information

- You generally buy and redeem shares at the Fund's next determined net asset value (NAV) after the Hong Kong Representative, Franklin Templeton Investments (Asia) Limited, receives your request in good order on or before 4:00 p.m. (Hong Kong time) being the dealing cut-off time. Certain intermediaries may impose an earlier dealing cut-off time.
- The net asset value of this Fund is calculated and the price of shares is published on each business day. Information about prices is available online at www.franklintempleton.com.hk.

- *The compositions of the dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are made available by the Hong Kong Representative on request and are also available online at www.franklintempleton.com.hk.*
- *Investors may obtain the past performance information of other share classes offered to Hong Kong investors from the Hong Kong Representative's website at www.franklintempleton.com.hk.*
- *Investors may obtain information on the intermediaries by calling the Hong Kong Representative at (852) 2877-7733 or visiting the Hong Kong Representative's website at www.franklintempleton.com.hk.*
- *The website mentioned above has not been reviewed by the Securities and Futures Commission ("SFC").*

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.