



**FRANKLIN
TEMPLETON**

Semi-Annual Report
for the period ended
30 June 2020
(Unaudited)

Franklin Templeton Asia Fund Series



FRANKLIN TEMPLETON ASIA FUND SERIES

SEMI-ANNUAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2020
(UNAUDITED)

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REPORT OF THE MANAGER

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

Templeton Select Global Equity Fund

Market Review

Global equities declined for the first six months of 2020, weighed down by coronavirus concerns and economic uncertainty. However, markets rebounded strongly in the last few months of the period on promises of unlimited policy stimulus and optimism about economic reopenings. Global value stocks significantly underperformed global growth stocks for the period.

Portfolio Review

The fund underperformed its benchmark index for the period, primarily due to holdings in the information technology, energy and communication services sectors.

Japanese electronic components manufacturer Kyocera was a significant detractor in the information technology sector. Its shares declined on continued concerns about demand prospects in the firm's automotive and industrial component end markets. Kyocera has remained sensitive to gross domestic product trends given the diversity of its customer base, though some segments like electronic devices and ceramics stand to benefit from secular growth trends like 5G and increasing content demand, which may offset cyclicalities elsewhere. Ultimately, we believe the key to unlocking value in Kyocera is the more efficient use of its balance sheet, which is overcapitalised at about 60% cash and investments. With the retirement of the company's founder two years ago and a new, more shareholder-friendly management team explicitly targeting higher returns on equity, we think the prospects for better long-term returns are not adequately reflected in Kyocera's share price.

In energy, shares of US exploration and production firm Apache declined as sharply lower oil prices raised concerns about cash flow pressures and balance sheet dynamics. We liquidated the position and reduced sector exposure in recent quarters given late-cycle economic risks.

Holdings in the health care, utilities and materials sectors contributed to relative performance for the period. The shares of US biotechnology firm Gilead Sciences surged after the World Health Organization identified its antiviral drug, Remdesivir ("Veklury"), which was originally developed to treat Ebola patients, as the most promising therapeutic candidate for the coronavirus. We took the opportunity to materially reduce our position early in the second quarter. The shares subsequently underperformed through the second quarter, as investors grappled with the durability of Veklury revenues and the company's dominant position in HIV was called into question after a competitor published strong data in the pre-existing prophylactic market. Materials sector returns were led by Canadian mine financing company Wheaton Precious Metals. Our precious metals thesis has continued to play out, and Wheaton remains a core holding for us with what we view as lower-risk commodity-price exposure than physical mining operations, which tend to be asset-heavy, labour-intensive and tightly regulated.

Regionally, stock selection and allocations in Asia (overweighting) and the United States (underweighting) detracted from relative performance. An overweight and stock selection in Canada contributed.

REPORT OF THE MANAGER (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

Templeton Select Global Equity Fund (continued)

Outlook & Strategy

Following unprecedented support measures from global policymakers, some recent economic indicators have surprised to the upside and stocks have come roaring back, leading many investors to believe that a V-shaped recovery is a foregone conclusion. However, conditions remain far from normal. We have never experienced such a precarious market situation—a rolling global pandemic layered with record debt levels and global political disintegration—and we think current stock market valuations reflect excessive complacency.

Such inconsistencies highlight the distinction between investment and speculation. They indicate that fundamentals are not driving this market; instead it's being pushed by positioning, flows and sentiment—all short-term, capricious influences. Central banks have engineered these forces, and we do not wish to actively bet against their resolve. Instead, we've tried to diversify away from the risks and imbalances that policy intervention has created and to de-correlate our portfolios from an increasingly manic market. This has steered us into a number of special opportunities in places like Japan and Hong Kong—but also the deep capital markets of the United States and Europe—where we think investors have not been focused on long-term fundamental values.

The severe disconnect between market prices and underlying fundamentals has created challenges for price-disciplined investors. But we think in time this will change, and we continue to believe that a deep bench of fundamental investment expertise and a truly global presence will prove invaluable to avoiding the losers and identifying the winners—those companies best-positioned for sustainable long-term success.

The commentary is for informational purposes only. 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 PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

Franklin Select Global Multi-Asset Income Fund

Key Themes

The first quarter of 2020 was characterised by extreme volatility and steep COVID-19-related losses, while the second quarter saw a strong recovery driven by unprecedented monetary and fiscal stimulus.

Global equity indices began to fall precipitously in February, once the full potential of the COVID-19 pandemic was understood by investors. By mid-March, many markets had lost more than 20% of their value and major central banks were forced to take extreme measures to support risk assets. The US Federal Reserve ("Fed") cut interest rates by 150 basis points in two separate interventions during March, which was followed swiftly by a US\$2 trillion stimulus package from the US government designed to support US companies. In addition, the Fed announced unlimited, open-ended purchasing of government-backed and corporate bonds to help keep markets functioning, significantly expanding its balance sheet.

This bold approach to stimulus boosted US equities, allowing them to recoup most of the first quarter losses by the mid-point of 2020. This stood in contrast to Europe and many emerging markets ("EMs"), where a less coordinated approach to tackling the pandemic weighed on the second quarter recovery. Certain Asian EMs were a marked exception, particularly China, which was able to open its economy earlier than developed markets due to an aggressive approach to containing the disease. In May, the European Union introduced a €750 billion recovery package which boosted European equities and improved economic sentiment. Spreads between core and peripheral eurozone government debt narrowed on the news.

US Treasury bonds rose significantly during the reporting period. Bond purchasing by the Fed and robust demand for investments perceived as safe drove the US Treasury market higher, despite the widening US federal budget deficit and the massive increase in issuance. Mortgage-backed securities ("MBS") also posted positive returns, aided by declining Treasury rates and the Fed's decision to purchase agency MBS.

Global corporate bond and EM debt spreads narrowed throughout the second quarter on improved risk appetite, but were unable to fully recover from the extreme widening that occurred in February and March, as investors became concerned about the pandemic-related economic disruption and the potential credit downgrades of many companies.

Assessment, Outlook and Risks

Momentum in the global economy is improving, but it is too early to call an end to the deep recession caused by the COVID-19 crisis, in our view. Although we maintain a modestly higher conviction towards global equities than bonds, we remain cautious, given what we view as increasingly stretched valuations. We have a growing reluctance to overlook short-term economic problems and are therefore engaged in fewer opportunistic stock purchases.

We retain a constructive view of US equities, but have lowered the level of our conviction, given the extent of recent gains and ongoing headwinds to local and global growth. The US equity market has been buoyed by the success of technology stocks, but it has begun to lose momentum and US Treasury yields remain very low, suggesting investors are conscious of the challenges that lie ahead. In contrast, we have moderated our cautious stance on Canadian equities as commodities headwinds abate, while we are also less bearish on Japanese stocks, since valuations have become more attractive relative to other markets.

We are cautiously optimistic that Europe's Next Generation Fund might be a game-changing moment. The relative strength of European equity markets in June is evidence of an easing of investor concerns, and we have moved to increase our conviction in European government bonds, driven by higher-yielding markets such as Italy that stand to benefit from this recovery fund. We have also reassessed our stance on Japanese government bonds, becoming more optimistic as the Bank of Japan targets low yields as part of its unconventional strategy for economic stimulus.

Corporate bonds have directly benefitted from central bank support, but we believe more defaults will occur in the quarters ahead. As a result, we have moderated our conviction in investment-grade credit given the potential for renewed widening if the recovery slows.

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020
(UNAUDITED)

		Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
	Note	USD	USD	USD	USD
ASSETS					
CURRENT ASSETS					
Investments	3	4,134,471	5,492,746	11,476,058	19,061,711
Derivative financial instruments	4	1,209	10,238	9,152	38,411
Dividends, interest and other accounts receivable		8,134	10,579	17,585	28,444
Due from brokers		—	—	11,723	—
Margin cash	5	—	—	33,741	13,845
Cash and cash equivalents	5	884,666	304,439	374,612	467,061
TOTAL ASSETS		5,028,480	5,818,002	11,922,871	19,609,472
LIABILITIES					
CURRENT LIABILITIES					
Derivative financial instruments	4	—	—	3,500	2,236
Due to brokers		—	—	—	7,266
Amounts payable on redemption		—	—	6,215	173,209
Other accounts payable		18,617	29,902	26,811	48,235
LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		18,617	29,902	36,526	230,946
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	6	5,009,863	5,788,100	11,886,345	19,378,526

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2020
(UNAUDITED)

		Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
		1 January 2020 to 30 June 2020	1 January 2019 to 30 June 2019	1 January 2020 to 30 June 2020	1 January 2019 to 30 June 2019
	Note	USD	USD	USD	USD
INCOME					
Dividend income		79,835	118,344	156,394	410,842
Interest on bank deposits		726	3,206	1,050	10,481
Interest on investments		—	—	12,240	97,090
Other income	7(e)	—	—	3,825	—
Change in unrealised gain/loss on fair value of investments		(29,010)	356,112	(404,840)	3,304,588
Realised loss on sale of investments		(700,702)	(47,456)	(281,921)	(139,168)
Change in unrealised gain/loss on derivative financial instruments and foreign currency exchange		(9,282)	9,777	(31,573)	35,292
Realised loss on derivative financial instruments and foreign currency exchange		(13,516)	(13,293)	(124,509)	(168,408)
TOTAL INVESTMENT (LOSS)/INCOME		(671,949)	426,690	(669,334)	3,550,717
EXPENSES					
Management fee	7(e)	25,131	27,754	68,707	143,444
Trustee and custody fees	7(e)	18,394	14,533	40,312	55,681
Registrar fee	7(e)	1,005	1,110	3,233	6,750
Fund administration fee	7(e)	5,026	5,551	16,167	33,752
Distribution fee		12,566	13,877	40,416	84,379
Audit fee		11,112	10,628	11,112	10,628
Bank charges		125	84	160	199
Legal and professional fees		10,362	210	13,375	213
Other operating expenses		5,076	4,391	5,751	7,572
Transaction costs		2,607	3,023	10,680	29,609
TOTAL EXPENSES		91,404	81,161	209,913	372,227
(Loss)/profit before distribution and tax		(763,353)	345,529	(879,247)	3,178,490
FINANCE COST (EXCLUDING INCREASE/DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)					
Distribution to unitholders	8	—	—	(431,186)	(896,418)
(LOSS)/PROFIT AFTER DISTRIBUTION AND BEFORE TAX		(763,353)	345,529	(1,310,433)	2,282,072
Withholding taxes		(12,659)	(22,554)	(10,096)	(36,736)
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS		(776,012)	322,975	(1,320,529)	2,245,336

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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE PERIOD ENDED 30 JUNE 2020
(UNAUDITED)

	Note	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
		1 January 2020 to 30 June 2020 USD	1 January 2019 to 30 June 2019 USD	1 January 2020 to 30 June 2020 USD	1 January 2019 to 30 June 2019 USD
BALANCE AT THE BEGINNING OF THE PERIOD		5,788,100	5,266,791	19,378,526	39,655,895
Subscription of units	6	—	1,311	1,087,015	1,120,123
Redemption of units	6	(2,225)	(64,868)	(7,302,011)	(13,320,933)
Reinvestment of distributions	6	—	—	43,344	62,629
(Decrease)/increase in net assets attributable to unitholders from operations		(776,012)	322,975	(1,320,529)	2,245,336
BALANCE AT THE END OF THE PERIOD		<u>5,009,863</u>	<u>5,526,209</u>	<u>11,886,345</u>	<u>29,763,050</u>

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

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
	1 January 2020 to 30 June 2020	1 January 2019 to 30 June 2019	1 January 2020 to 30 June 2020	1 January 2019 to 30 June 2019
Note	USD	USD	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES				
Purchase of investments	(2,167,910)	(1,427,136)	(12,507,985)	(36,521,020)
Disposal of investments	2,796,473	1,385,924	19,368,597	49,300,037
Settlement of derivative financial instruments	(13,516)	(13,293)	(124,509)	(168,408)
Margin cash paid	—	—	(19,896)	76,266
Dividend income received	82,280	114,212	165,944	392,801
Interest on bank deposits received	726	3,206	1,050	10,481
Interest on investments received	—	—	32,436	92,478
Management fee paid	(25,840)	(27,942)	(71,125)	(151,924)
Distribution fee paid	(12,922)	(13,971)	(43,657)	(89,365)
Trustee and custody fees paid	(18,275)	(14,541)	(40,427)	(56,081)
Registrar fee paid	(1,033)	(1,118)	(3,492)	(7,149)
Fund administration fee paid	(5,168)	(5,588)	(17,464)	(35,747)
Audit fee paid	(21,281)	(20,850)	(21,281)	(20,850)
Bank charges paid	(125)	(84)	(160)	(199)
Legal and professional fees paid	(10,362)	(210)	(13,375)	(213)
Other operating expenses paid	(5,076)	(4,391)	(5,851)	(7,247)
Transaction costs paid	(2,607)	(3,023)	(10,680)	(29,609)
Withholding taxes paid	(12,659)	(22,554)	(10,096)	(36,667)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	582,705	(51,359)	6,678,029	12,747,584
CASH FLOWS FROM FINANCING ACTIVITIES				
Subscription of units	—	1,311	1,087,015	1,169,888
Redemption of units	(2,225)	(64,868)	(7,469,005)	(13,208,809)
Distributions	—	—	(387,842)	(833,789)
NET CASH USED IN FINANCING ACTIVITIES	(2,225)	(63,557)	(6,769,832)	(12,872,710)
Net increase/(decrease) in cash and cash equivalents	580,480	(114,916)	(91,803)	(125,126)
Cash and cash equivalents at the beginning of the period	304,439	401,038	467,061	943,963
Effect of foreign exchange rate changes	(253)	(106)	(646)	(300)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	584,666	286,016	374,612	818,537

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

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.

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 periods presented, unless otherwise stated.

2.1 Basis of presentation

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

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

(a) Standards and amendments to existing standards effective 1 January 2020

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2020 that have a material effect on the financial statements of the Funds.

(b) New standards, amendments and interpretations effective after 1 January 2020 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Funds.

2.2 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the period 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 PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

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. These are costs incurred to acquire and dispose of financial assets or liabilities. It may include fees and commission paid to agents, advisers, brokers and dealers, levies by regulatory agencies and security exchanges, and transfer taxes and duties.

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 period in which they arise.

2.4 Structured entities

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

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

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

2.5 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 period 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 PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

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 period 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 PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

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 period 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

3 Financial risk management (continued)

Risks associated with Underlying Funds

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

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

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

30 June 2020	Strategy	Net asset value of the Underlying Funds USD	Investment fair value USD	% of net assets attributable to holders of redeemable units
Quoted Investment Funds				
Franklin High Yield Fund*	Fixed Income - High yield	1,324,421,758	190,085	1.60
Templeton Emerging Markets Bond Fund*	Emerging markets bonds	6,755,425,443	438,891	3.69
Exchange Traded Funds				
Franklin LibertyQ Emerging Markets UCITS ETF*	Emerging markets - equities	39,233,342	715,142	6.02
Franklin LibertyQ European Dividend UCITS ETF*	European equities	9,477,046	177,722	1.50
Franklin LibertyQ European Equity UCITS ETF*	European equities	6,562,643	353,703	2.97
Franklin LibertyQ Global Dividend UCITS ETF*	Global equities	23,745,588	702,042	5.91
HSBC MSCI WORLD UCITS ETF	Global equities	1,491,445,811	294,825	2.48
iShares China CNY Bond UCITS ETF	China bonds	469,981,253	182,159	1.53
iShares Core Global Aggregate Bond UCITS ETF	Global bonds	533,014,967	776,325	6.53
iShares Global Corporate Bond UCITS ETF	Global corporate bonds	1,565,240,091	836,939	7.04
iShares International Treasury Bond ETF	Treasury bonds	816,632,426	474,286	3.99
Vanguard Total International Bond ETF	Global bonds	146,100,000,000	1,073,605	9.03
Listed Real Estate Investment Trusts ("REIT")				
American Tower Corp.	Properties	96,528,575,000***	23,527	0.20
Dexus	Properties	9,000,693,981**	6,430	0.05
Equity Lifestyle Properties Inc.	Properties	11,380,966,550	9,872	0.08
Goodman Group	Properties	17,167,347,555**	10,214	0.09
Public Storage	Properties	34,652,484,119***	23,219	0.20
Segro PLC	Properties	13,032,047,981**	10,916	0.09
Simon Property Group Inc.	Properties	17,586,312,258**	10,394	0.09
Vornado Realty Trust	Properties	6,920,300,438***	6,037	0.05

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

**Latest available information as at 31 December 2019

***Latest available information as at 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

3 Financial risk management (continued)

Risks associated with Underlying Funds (continued)

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

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

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

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

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

The sub-fund's investment strategy is stated in Note 1. Total purchases in the Underlying Funds during the period ended 30 June 2020 were USD5,381,299 (31 December 2019: USD24,560,065). As at 30 June 2020, there were no capital commitment obligation and no amount due to the Underlying Funds for unsettled purchase (31 December 2019: Nil).

During the period ended 30 June 2020, total net loss derived from investments in the Underlying Funds was USD992,505 (31 December 2019: net loss of USD250,335).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

3 Financial risk management (continued)

3.1 Market risk

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

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

(a) Market price risk

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

Value-at-risk ("VaR")

One of the principal tools used to monitor market risk exposure is VaR; which estimates the amount of portfolio losses over a given time period with a given statistical confidence, 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 Investment Funds track VaR as a percentage of Net Asset Value ("NAV"), taking into account all portfolio positions (including cash), over a 20-day holding period and at a 99% confidence level.

For the period ended 30 June 2020 and year ended 31 December 2019, the MSCI Barra risk factor and Bloomberg PORT risk factor model outputs were used to forecast the ex-ante Monte Carlo VaR at the 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 volatility and correlation data 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 under-estimate or over-estimate actual losses 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:

	30 June 2020		31 December 2019	
	%	USD	%	USD
Templeton Select Global Equity Fund	15.751	790,755	7.593	440,958
Franklin Select Global Multi-Asset Income Fund	7.257	862,862	3.673	719,129

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

3 Financial risk management (continued)

3.1 Market risk (continued)

(a) Market price risk (continued)

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

Templeton Select Global Equity Fund

	30 June 2020		31 December 2019	
	Fair value USD	% of net assets	Fair value USD	% of net assets
Listed Equities				
Belgium	47,172	0.94	—	—
Canada	158,561	3.16	150,711	2.60
China	67,298	1.34	204,519	3.53
Denmark	64,454	1.29	73,539	1.27
France	157,678	3.15	459,364	7.94
Germany	504,639	10.07	592,548	10.24
Hong Kong	162,610	3.25	140,487	2.43
Ireland	26,536	0.53	98,685	1.71
Italy	—	—	190,709	3.29
Japan	1,040,704	20.77	713,142	12.32
Luxembourg	34,810	0.69	98,253	1.70
Netherlands	118,551	2.37	121,323	2.10
Norway	50,403	1.01	65,381	1.13
Singapore	—	—	51,983	0.90
South Korea	152,555	3.05	274,941	4.75
Spain	45,725	0.91	—	—
Switzerland	129,023	2.58	45,754	0.79
United Kingdom	231,932	4.63	851,645	14.71
United States of America	1,141,820	22.79	1,359,762	23.49
Total Investments	4,134,471	82.53	5,492,746	94.90

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

3 Financial risk management (continued)

3.1 Market risk (continued)

(a) Market price risk (continued)

Franklin Select Global Multi-Asset Income Fund

	30 June 2020		31 December 2019	
	Fair value USD	% of net assets	Fair value USD	% of net assets
Quoted Investment Funds				
Luxembourg	628,976	5.29	1,684,098	8.69
Exchange Traded Funds				
China	182,159	1.53	—	—
Ireland	177,722	1.50	6,499,359	33.54
Japan	3,678,976	30.95	—	—
United States of America	1,547,891	13.02	1,696,721	8.76
Listed Real Estate Investment Trusts ("REIT")				
Australia	16,644	0.14	28,948	0.15
Mexico	—	—	6,499	0.03
Singapore	—	—	7,132	0.04
United Kingdom	10,916	0.09	—	—
United States	73,049	0.62	137,195	0.71
Listed Equities				
Australia	113,798	0.96	252,281	1.30
Belgium	7,697	0.06	6,811	0.03
Brazil	14,038	0.12	32,875	0.17
Canada	59,427	0.50	157,252	0.81
China	115,167	0.97	153,463	0.79
Denmark	34,281	0.29	56,668	0.29
Finland	15,183	0.13	21,603	0.11
France	62,525	0.53	154,684	0.80
Germany	53,463	0.45	92,416	0.48
Hong Kong	7,346	0.06	50,711	0.26
India	29,541	0.25	—	—
Ireland	5,910	0.05	—	—
Israel	7,413	0.06	7,186	0.04
Italy	15,052	0.13	32,594	0.17
Japan	344,266	2.90	421,104	2.17
Mexico	7,865	0.07	20,084	0.10
Netherlands	50,270	0.42	102,649	0.53
New Zealand	6,220	0.05	—	—
Singapore	3,966	0.03	8,398	0.04
South Africa	4,085	0.03	8,044	0.04
South Korea	33,193	0.28	61,186	0.32
Spain	44,571	0.37	88,182	0.45
Sweden	40,644	0.34	74,661	0.38
Switzerland	156,105	1.31	255,808	1.32
Taiwan	76,532	0.64	24,573	0.13
Thailand	6,626	0.06	11,448	0.06
United Arab Emirates	—	—	9,920	0.05

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

3 Financial risk management (continued)

3.1 Market risk (continued)

(a) Market price risk (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

	30 June 2020		31 December 2019	
	Fair value USD	% of net assets	Fair value USD	% of net assets
Listed Equities (continued)				
United Kingdom	121,716	1.03	284,284	1.47
United States of America	2,233,746	18.79	4,110,120	21.22
Quoted Fixed Income Securities				
United States of America	1,489,079	12.53	2,502,754	12.91
Total Investments	11,476,058	96.55	19,061,711	98.36
Futures				
Euro Community	533	0.01	—	—
Japan	6,011	0.05	(2,236)	(0.01)
United Kingdom	(681)	(0.01)	—	—
United States of America	480	—*	5,356	0.03
Total Futures	6,343	0.05	3,120	0.02
Options				
Euro Community	(692)	(0.01)	—	—
United States of America	(2,127)	(0.01)	—	—
Total Options	(2,819)	(0.02)	—	—

* Amount less than 0.01%

There were no individual investments with market value exceeding 10% of the Funds' net asset value at period ended 30 June 2020 and year ended 31 December 2019.

The tables below summarise the sector allocation with concentrations exceeding 10% of the Funds' net asset value at 30 June 2020 and 31 December 2019.

Templeton Select Global Equity Fund

	30 June 2020	31 December 2019
Sector Allocation	% of net assets	% of net assets
Communication Services	12.01	13.28
Consumer Discretionary	10.21	2.53
Energy	1.81	13.18
Financials	3.91	15.25
Health Care	14.36	15.88
Industrials	10.39	6.92
Information Technology	12.07	4.78

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

3 Financial risk management (continued)

3.1 Market risk (continued)

(a) Market price risk (continued)

Franklin Select Global Multi-Asset Income Fund

	30 June 2020	31 December 2019
Sector Allocation	% of net assets	% of net assets
Financials	55.97	55.14
U.S. Government Securities	12.53	12.92

(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 period 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 period/year end.

Templeton Select Global Equity Fund

	Monetary USD	Non-monetary USD
As at 30 June 2020		
CAD	26	158,561
CHF	—	129,023
CNH	1,559,335	—
DKK	—	64,454
EUR	—	817,343
GBP	3,147	193,428
JPY	4,075	1,040,704
KRW	733	152,555
NOK	—	50,403

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

3 Financial risk management (continued)

3.1 Market risk (continued)

(b) Currency risk (continued)

Templeton Select Global Equity Fund (continued)

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

Franklin Select Global Multi-Asset Income Fund

	Monetary USD	Non-monetary USD
As at 30 June 2020		
AUD	192	102,305
BRL	20	14,038
CAD	187	59,427
CHF	—	156,105
CNH	3,155,706	—
DKK	—	34,281
EUR	4,495	793,016
GBP	(487)	153,849
INR	126	29,541
JPY	18,688	344,266
KRW	78	33,193
MXN	—	7,865
NZD	—	6,220
SEK	—	40,644
SGD	—	3,966
THB	—	6,626
TWD	337	76,532
ZAR	—	4,085

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2020
(UNAUDITED)

3 Financial risk management (continued)

3.1 Market risk (continued)

(b) Currency risk (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

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

Franklin Select Global Multi-Asset Income Fund

	Less than 1 month USD	1 to 12 months USD	More than 1 year USD	Non-interest bearing USD	Total USD
As at 30 June 2020					
Assets					
Investments	—	296,687	1,192,392	9,986,979	11,476,058
Derivative financial instruments	—	—	—	9,152	9,152
Dividends, interest and other accounts receivable	—	—	—	17,585	17,585
Due from brokers	—	—	—	11,723	11,723
Margin cash	33,741	—	—	—	33,741
Cash and cash Equivalents	374,612	—	—	—	374,612
Total assets	408,353	296,687	1,192,392	10,025,439	11,922,871
Liabilities					
Derivative financial instruments	—	—	—	3,500	3,500
Amounts payable on redemption	—	—	—	6,215	6,215
Other accounts payable	—	—	—	26,811	26,811
Total liabilities	—	—	—	36,526	36,526
Total interest sensitivity gap	408,353	296,687	1,192,392		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

3 Financial risk management (continued)

3.2 Liquidity risk

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

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

Templeton Select Global Equity Fund

	Less than 1 month USD	1-12 months USD	Total USD
30 June 2020			
Assets			
Current assets			
Investments	4,134,471	—	4,134,471
Derivative financial instruments	1,209	—	1,209
Dividends and other accounts receivable	1,796	6,338	8,134
Cash and cash equivalents	884,666	—	884,666
Total assets	5,022,142	6,338	5,028,480
Liabilities			
Current liabilities			
Other accounts payable	7,488	11,129	18,617
Net assets attributable to unitholders	5,009,863	—	5,009,863
Total liabilities	5,017,351	11,129	5,028,480
	Less than 1 month USD	1-12 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	5,808,714	9,288	5,818,002
Liabilities			
Current liabilities			
Other accounts payable	8,604	21,298	29,902
Net assets attributable to unitholders	5,788,100	—	5,788,100
Total liabilities	5,796,704	21,298	5,818,002

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

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
30 June 2020				
Assets				
Current assets				
Investments	10,283,666	229,787	962,605	11,476,058
Derivative financial instruments	9,152	—	—	9,152
Dividends, interest and other accounts receivable	17,585	—	—	17,585
Due from brokers	11,723	—	—	11,723
Margin cash	33,741	—	—	33,741
Cash and cash equivalents	374,612	—	—	374,612
Total assets	10,730,479	229,787	962,605	11,922,871
Liabilities				
Current liabilities				
Derivative financial instruments	3,500	—	—	3,500
Amounts payable on redemption	6,215	—	—	6,215
Other accounts payable	26,811	—	—	26,811
Net assets attributable to unitholders	11,886,345	—	—	11,886,345
Total liabilities	11,922,871	—	—	11,922,871
	Up to 1 year USD	1 to 5 years USD	More than 5 years USD	Total USD
31 December 2019				
Assets				
Current assets				
Investments	17,436,512	377,593	1,247,606	19,061,711
Derivative financial instruments	38,411	—	—	38,411
Dividends, interest and other accounts receivable	28,444	—	—	28,444
Margin cash	13,845	—	—	13,845
Cash and cash equivalents	467,061	—	—	467,061
Total assets	17,984,273	377,593	1,247,606	19,609,472
Liabilities				
Current liabilities				
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	19,609,472	—	—	19,609,472

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

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 30 June 2020 and 31 December 2019:

	30 June 2020 Number of unitholders	31 December 2019 Number of unitholders
Templeton Select Global Equity Fund	1	1
Franklin Select Global Multi-Asset Income Fund	2	3

3.3 Credit risk

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

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

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 30 June 2020, 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 (31 December 2019: A2) or higher. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds.

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

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

Franklin Select Global Multi-Asset Income Fund

Portfolio by rating category	30 June 2020	31 December 2019
Standard & Poor's / Moody's Rating		
AA+/Aa1	12.53%	12.91%

The maximum exposure to credit risks at 30 June 2020 and 31 December 2019 is the carrying amount of the financial assets.

3.4 Capital risk management

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

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

3.5 Fair value estimation

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

3 Financial risk management (continued)

3.5 Fair value estimation (continued)

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 tables analyse, within the fair value hierarchy, the Funds' investments measured at fair value as at period/year end:

Templeton Select Global Equity Fund

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
30 June 2020				
Assets				
Equity securities	1,523,951	2,610,520	—	4,134,471
Forward foreign exchange contracts	—	1,209	—	1,209
	<u>1,523,951</u>	<u>2,611,729</u>	<u>—</u>	<u>4,135,680</u>
	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2019				
Assets				
Equity securities	5,492,746	—	—	5,492,746
Forward foreign exchange contracts	—	10,238	—	10,238
	<u>5,492,746</u>	<u>10,238</u>	<u>—</u>	<u>5,502,984</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

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
30 June 2020				
Assets				
Quoted investment funds	—	628,976	—	628,976
Exchange traded funds	5,586,748	—	—	5,586,748
Real estate investment trusts	73,049	27,560	—	100,609
Equity securities	2,348,714	1,321,932	—	3,670,646
Fixed income securities	—	1,489,079	—	1,489,079
Forward foreign exchange contracts	—	2,128	—	2,128
Futures contracts	7,024	—	—	7,024
	<u>8,015,535</u>	<u>3,469,675</u>	<u>—</u>	<u>11,485,210</u>
Liabilities				
Futures contracts	681	—	—	681
Options	—	2,819	—	2,819
	<u>681</u>	<u>2,819</u>	<u>—</u>	<u>3,500</u>
	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2019				
Assets				
Quoted investment funds	—	1,684,098	—	1,684,098
Exchange traded funds	8,196,080	—	—	8,196,080
Real estate investment trusts	179,774	—	—	179,774
Equity securities	6,499,005	—	—	6,499,005
Fixed income securities	—	2,502,754	—	2,502,754
Forward foreign exchange contracts	—	33,055	—	33,055
Futures contracts	5,356	—	—	5,356
	<u>14,880,215</u>	<u>4,219,907</u>	<u>—</u>	<u>19,100,122</u>
Liabilities				
Futures contracts	2,236	—	—	2,236
	<u>2,236</u>	<u>—</u>	<u>—</u>	<u>2,236</u>

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As 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 30 June 2020 and 31 December 2019, the Funds did not have investments classified within Level 3.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

3 Financial risk management (continued)

3.5 Fair value estimation (continued)

The following table presents the transfers between levels for the period ended 30 June 2020.

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

The equity securities and real estate investment trusts that were transferred out of Level 1 to Level 2 relate to positions which were fair valued as at 30 June 2020.

For the year ended 31 December 2019 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

4 Derivative financial instruments

Derivative financial instruments as at period 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	
	30 June 2020 USD	31 December 2019 USD	30 June 2020 USD	31 December 2019 USD
Assets				
Current assets				
Derivatives financial instruments				
- Forward foreign exchange contract	1,209	10,238	2,128	33,055
- Futures contract	—	—	7,024	5,356
Total	<u>1,209</u>	<u>10,238</u>	<u>9,152</u>	<u>38,411</u>
Liabilities				
Current liabilities				
Derivatives financial instruments				
- Futures contract	—	—	681	2,236
- Options	—	—	2,819	—
Total	<u>—</u>	<u>—</u>	<u>3,500</u>	<u>2,236</u>

Templeton Select Global Equity Fund

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

30 June 2020	Contracts to Buy/(Sell)	Contract Amount USD	Settlement Date	Unrealised Gain USD
CNH	1,470,566	207,542	20-Jul-20	215
CNH	1,482,923	209,294	20-Jul-20	208
CNH	1,457,907	205,798	20-Jul-20	170
CNH	1,149,109	162,202	20-Jul-20	141
CNH	1,096,007	154,701	20-Jul-20	139
CNH	1,432,648	202,286	20-Jul-20	114*
CNH	601,240	84,861	20-Jul-20	80
CNH	886,894	125,241	20-Jul-20	57
CNH	1,057,001	149,274	20-Jul-20	55
CNH	411,705	58,134	20-Jul-20	30
Unrealised gain on forward foreign exchange contracts				<u>1,209</u>

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				<u>10,238</u>

*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 PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

4 Derivative financial instruments (continued)

Franklin Select Global Multi-Asset Income Fund

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

30 June 2020	Contracts to Buy/(Sell)	Contract Amount USD	Settlement Date	Unrealised Gain USD
CNH	4,006,270	565,526	20-Jul-20	467
CNH	2,911,299	410,942	20-Jul-20	357
CNH	2,317,025	327,033	20-Jul-20	309
CNH	3,878,251	547,599	20-Jul-20	308*
CNH	3,788,846	535,077	20-Jul-20	199
CNH	1,550,559	218,864	20-Jul-20	194
CNH	2,951,137	416,739	20-Jul-20	188
CNH	559,199	78,931	20-Jul-20	71
CNH	292,653	41,324	20-Jul-20	21
CNH	96,864	13,671	20-Jul-20	14
Unrealised gain on forward foreign exchange contracts				2,128

31 December 2019	Contracts to Buy/(Sell)	Contract Amount USD	Settlement Date	Unrealised Gain USD
CNH	6,055,667	863,753	21-Jan-20	5,697*
CNH	6,202,055	885,515	21-Jan-20	4,953
CNH	5,568,394	794,704	21-Jan-20	4,785
CNH	5,941,997	848,347	21-Jan-20	4,783
CNH	5,056,356	721,620	21-Jan-20	4,353
CNH	3,963,573	566,091	21-Jan-20	2,984
CNH	2,317,025	330,792	21-Jan-20	1,878
CNH	2,024,791	289,203	21-Jan-20	1,509
CNH	1,550,559	221,210	21-Jan-20	1,413
CNH	559,199	79,824	21-Jan-20	463
CNH	292,653	41,781	21-Jan-20	237
Unrealised gain on forward foreign exchange contracts				33,055

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

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

30 June 2020			Fair value USD
Description	Contract size	Notional Amount	USD
Euro Stoxx 50 Index, September, 9/18/20	1	EUR31,755	533
MSCI Emerging Markets Index, September, 9/18/20	2	USD98,090	480
Nikkei 225 Mini, September, 9/10/20	(11)	JPY(25,146,000)	6,011
Unrealised gain on futures			7,024

			Fair value USD
Description	Contract size	Notional Amount	USD
FTSE 100 Index, September, 9/18/20	2	JPY123,500	(681)
Unrealised loss on futures			(681)
Net unrealised gain on futures			6,343

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

4 Derivative financial instruments (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

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

The options held as at the period end date are as follows:

30 June 2020	Position held	Fair value USD
DJ Euro STOXX 50, Expires 7/03/20, Call Option, Strike Price USD3434.97	(91)	(28)
DJ Euro STOXX 50, Expires 7/10/20, Call Option, Strike Price USD3405.64	(92)	(664)
MSCI Emerging Markets Index, Expires 7/03/20, Call Option, Strike Price EUR1052.90	(299)	(2)
MSCI Emerging Markets Index, Expires 7/10/20, Call Option, Strike Price EUR1055.25	(298)	(363)
S&P 500 Index, Expires 7/02/20, Call Option, Strike Price EUR3284.4	(223)	(3)
S&P 500 Index, Expires 7/10/20, Call Option, Strike Price EUR3217.2917	(228)	(1,759)
Net unrealised loss on options		(2,819)

The Fund did not hold any options as at 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	
	30 June 2020 USD	31 December 2019 USD	30 June 2020 USD	31 December 2019 USD
Cash at bank	884,666	304,439	374,612	467,061

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.

	30 June 2020 USD	31 December 2019 USD
Margin cash	33,741	13,845

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

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 period/year are as follows:

Templeton Select Global Equity Fund – Class A (Acc)						
	30 June 2020			31 December 2019		
	USD	HKD	RMB-H1	USD	HKD	RMB-H1
Number of units in issue at the beginning of the period/year	150,561.11	1,364,475.70	1,019,365.18	154,397.78	1,364,475.70	1,030,849.56
Subscription of units	—	—	—	137.79	96.66	—
Redemption of units	(186.34)	—	—	(3,974.46)	(96.66)	(11,484.38)
Number of units in issue at the end of the period/year	<u>150,374.77</u>	<u>1,364,475.70</u>	<u>1,019,365.18</u>	<u>150,561.11</u>	<u>1,364,475.70</u>	<u>1,019,365.18</u>

Franklin Select Global Multi-Asset Income Fund – Class A (Mdis)						
	30 June 2020			31 December 2019		
	USD	HKD	RMB-H1	USD	HKD	RMB-H1
Number of units in issue at the beginning of the period/year	599,789.05	6,687,010.24	4,234,374.11	1,477,445.30	16,503,566.64	6,316,750.62
Subscription of units	33,544.91	438,945.88	200,014.65	12,294.50	1,081,477.33	718,273.72
Redemption of units	(267,384.99)	(2,370,089.00)	(1,932,872.57)	(891,746.68)	(10,950,631.48)	(2,825,440.05)
Reinvestments	798.18	19,226.58	11,132.59	1,795.93	52,597.75	24,789.82
Number of units in issue at the end of the period/year	<u>366,747.15</u>	<u>4,775,093.70</u>	<u>2,512,648.78</u>	<u>599,789.05</u>	<u>6,687,010.24</u>	<u>4,234,374.11</u>

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

Templeton Select Global Equity Fund				
	30 June 2020		31 December 2019	
	Net assets per class USD	Net asset value per unit	Net assets per class USD	Net asset value per unit
Class A (Acc) USD	1,573,661	USD10.46	1,812,884	USD12.04
Class A (Acc) HKD	1,840,492	HKD10.45	2,117,654	HKD12.09
Class A (Acc) RMB-H1	1,595,710	CNH11.07	1,857,562	CNH12.69
Net assets attributable to unitholders	<u>5,009,863</u>		<u>5,788,100</u>	

Franklin Select Global Multi-Asset Income Fund				
	30 June 2020		31 December 2019	
	Net assets per class USD	Net asset value per unit	Net assets per class USD	Net asset value per unit
Class A (Mdis) USD	3,223,412	USD8.79	5,550,138	USD9.25
Class A (Mdis) HKD	5,407,054	HKD8.78	7,973,213	HKD9.29
Class A (Mdis) RMB-H1	3,255,879	CNH9.16	5,855,175	CNH9.63
Net assets attributable to unitholders	<u>11,886,345</u>		<u>19,378,526</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

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 period 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 period 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 tables detail the related-party transactions for the period and as at period/year end:

Templeton Select Global Equity Fund

	Expenses		Accruals	
	30 June 2020	30 June 2019	30 June 2020	31 December 2019
	USD	USD	USD	USD
Management fee	25,131	27,754	4,124	4,833
Trustee and custody fees	18,394	14,533	312	193
Registrar fee	1,005	1,110	165	193
Fund administration fee	5,026	5,551	825	967
Total	49,556	48,948	5,426	6,186

Franklin Select Global Multi-Asset Income Fund

	Expenses		Accruals	
	30 June 2020	30 June 2019	30 June 2020	31 December 2019
	USD	USD	USD	USD
Management fee	68,707	143,444	7,750	13,993
Trustee and custody fees	40,312	55,681	544	659
Registrar fee	3,233	6,750	399	658
Fund administration fee	16,167	33,752	1,996	3,293
Total	128,419	239,627	10,689	18,603

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

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

(e) The following tables detail the related-party transactions for the period and as at period/year end: (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

	Income	
	30 June 2020	31 December 2019
	USD	USD
Rebates	3,825	—
	3,825	—

For the period ended 30 June 2020, the Fund received rebates on the investments in the Underlying Funds. Such rebates may vary, depending on the value and tenure of the Underlying Funds held, and are based on rates agreed with the managers of the Underlying Funds. As at 31 Dec 2019, the Fund did not receive any rebates.

(f) Investment transactions with associates of the Trustee

	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Citigroup Global Markets Inc. ("Citi")				
Aggregate value of purchase and sale of securities transacted by Citi (USD)	676,538	72,276	606	2,244,928
% of total purchases and sales of securities during the period	13.63	2.61	—*	2.63
Total commission paid to Citi (USD)	246	176	—**	—
Average commission rate (%)	0.04	0.24	0.03	—
Total commission paid by the Funds (USD)	2,607	3,023	10,680	29,609

* Amount less than 0.01%

** Amount less than USD1

(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 30 June 2020 and 31 December 2019.

	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	USD	USD	USD	USD
Assets				
Forward foreign exchange contracts	114	1,069	308	5,697

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

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

(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 period ended 30 June 2020 and 30 June 2019 for Franklin Select Global Multi-Asset Income Fund:

	Purchases		Sales	
	30 June 2020 USD	30 June 2019 USD	30 June 2020 USD	30 June 2019 USD
Franklin High Yield Fund	78,013	—	159,156	4,999,078
Franklin LibertyQ European Dividend UCITS ETF	355,533	—	151,543	—
Franklin LibertyQ Emerging Markets UCITS ETF	1,024,104	—	653,924	—
Franklin LibertyQ European Equity UCITS ETF	182,466	—	386,832	—
Franklin LibertyQ Global Dividend UCITS ETF	472,980	—	1,035,401	—
Franklin U.S. Opportunities Fund	—	—	—	1,775,788
Templeton Emerging Markets Bond Fund	—	794,340	808,471	946,312
Templeton Global Equity Income Fund	—	—	—	4,209,042

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

(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 USD 726 (30 June 2019: USD3,206) for Templeton Select Global Equity Fund and USD 1,050 (30 June 2019: USD10,481) for Franklin Select Global Multi-Asset Income Fund for the period ended 30 June 2020.

(j) Interest in a related party of the Trustee

The following table details the number of shares held in Citigroup Inc. at 30 June 2020 and 30 June 2019 by Templeton Select Global Equity Fund.

	Shareholding	
	30 June 2020	30 June 2019
At the beginning of the period	1,545	1,270
Purchases	200	375
Sales	(800)	—
At the end of the period	945	1,645

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

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 tables summarise the distributions paid by the sub-fund:

	30 June 2020 USD	30 June 2019 USD
Undistributed income brought forward	—	—
Net (deficit)/income	(36,839)	421,493
Net distribution amount	(431,186)	(896,418)
Undistributed amount carried forward	(468,025)	(474,925)

For the period ended 30 June 2020

Class A (Mdis) USD

Distribution rate per unit

	Distribution date	Distribution amount USD
USD0.039	16 January 2020	23,392
USD0.039	17 February 2020	23,808
USD0.037	16 March 2020	22,554
USD0.034	17 April 2020	19,125
USD0.036	18 May 2020	18,405
USD0.037	15 June 2020	16,046

Class A (Mdis) HKD

Distribution rate per unit

	Distribution date	Distribution amount USD
HKD0.039	16 January 2020	32,861
HKD0.039	17 February 2020	33,958
HKD0.037	16 March 2020	32,070
HKD0.034	17 April 2020	27,361
HKD0.036	18 May 2020	29,017
HKD0.037	15 June 2020	23,248

Class A (Mdis) RMB-H1

Distribution rate per unit

	Distribution date	Distribution amount USD
CNH0.043	16 January 2020	25,999
CNH0.044	17 February 2020	25,467
CNH0.042	16 March 2020	24,723
CNH0.039	17 April 2020	22,093
CNH0.042	18 May 2020	16,036
CNH0.043	15 June 2020	15,023

431,186

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

8 Distributions (continued)

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

For the period ended 30 June 2019

Class A (Mdis) USD

Distribution rate per unit	Distribution date	Distribution amount USD
USD0.037	16 January 2019	54,665
USD0.038	20 February 2019	54,852
USD0.039	15 March 2019	55,855
USD0.039	16 April 2019	54,705
USD0.039	17 May 2019	53,547
USD0.038	18 June 2019	50,400

Class A (Mdis) HKD

Distribution rate per unit	Distribution date	Distribution amount USD
HKD0.037	16 January 2019	77,802
HKD0.039	20 February 2019	64,832
HKD0.039	15 March 2019	58,449
HKD0.039	16 April 2019	56,043
HKD0.039	17 May 2019	50,002
HKD0.038	18 June 2019	43,047

Class A (Mdis) RMB-H1

Distribution rate per unit	Distribution date	Distribution amount USD
CNH0.046	16 January 2019	42,433
CNH0.047	20 February 2019	40,230
CNH0.046	15 March 2019	37,108
CNH0.045	16 April 2019	36,076
CNH0.044	17 May 2019	33,570
CNH0.043	18 June 2019	32,802

896,418

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 period ended 30 June 2020 and 30 June 2019, the Manager and its connected persons entered into soft commission arrangements with brokers relating to dealing in the assets of the Funds, consistent with the above.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

9 Soft commission arrangement (continued)

The following table details the amounts of transaction executed for which those commissions are soft received during the period:

	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
	30 June 2020 USD	30 June 2019 USD	30 June 2020 USD	30 June 2019 USD
Amounts of transaction executed with soft commissions	1,115,654	900,840	5,796,764	11,520,056
Value of soft commissions received	572	561	2,527	4,942

10 Bank loans, overdrafts and other borrowings

The Funds had no bank loans, overdrafts or other borrowings as at 30 June 2020 and 31 December 2019.

11 Security lending arrangements

The Funds did not enter into any security lending arrangements during the period ended 30 June 2020 and the year ended 31 December 2019.

12 Negotiability of assets

As at 30 June 2020 and 31 December 2019, 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 30 June 2020 and 31 December 2019.

14 Contingent liabilities

The Funds had no contingent liability as at 30 June 2020 and 31 December 2019.

INVESTMENT PORTFOLIO

AS AT 30 JUNE 2020

(UNAUDITED)

TEMPLETON SELECT GLOBAL EQUITY FUND

	Holdings	Fair value (USD)	% of NAV
Investments (82.53%)			
Listed Equities (82.53%)			
Belgium (0.94%)			
Anheuser-Busch InBev SA/NV	957	47,172	0.94
Canada (3.16%)			
Wheaton Precious Metals Corp.	3,605	158,561	3.16
China (1.34%)			
Yum China Holdings Inc.	1,400	67,298	1.34
Denmark (1.29%)			
AP Moeller-Maersk A/S, B	55	64,454	1.29
France (3.15%)			
Air Liquide SA	176	25,445	0.51
ArcelorMittal SA	3,762	39,843	0.80
Sanofi	906	92,390	1.84
Germany (10.07%)			
Bayer AG	1,539	114,066	2.28
Deutsche Telekom AG	6,802	114,122	2.28
E.ON SE	7,993	90,215	1.80
Fresenius Medical Care AG & Co. KGaA	1,533	131,872	2.63
Siemens AG	461	54,364	1.08
Hong Kong (3.25%)			
AIA Group Ltd.	2,400	22,458	0.45
CK Asset Holdings Ltd.	9,500	56,969	1.14
CK Hutchison Holdings Ltd.	8,900	57,633	1.15
Sun Hung Kai Properties Ltd.	2,000	25,550	0.51
Ireland (0.53%)			
Ryanair Holdings PLC, ADR	400	26,536	0.53
Japan (20.77%)			
Honda Motor Co. Ltd.	2,100	54,293	1.08
Isuzu Motors Ltd.	5,900	53,615	1.07
Japan Airlines Co. Ltd.	1,100	19,850	0.40
Kirin Holdings Co. Ltd.	4,500	94,859	1.89
Komatsu Ltd.	1,400	28,673	0.57
Kyocera Corp.	1,000	54,585	1.09
Mitsubishi Electric Corp.	3,900	50,939	1.02
Nippon Television Holdings Inc.	4,400	47,656	0.95
Panasonic Corp.	7,460	65,417	1.31
Sony Corp.	1,200	82,836	1.65
Sumitomo Metal Mining Co. Ltd.	3,400	95,777	1.91
Sumitomo Mitsui Financial Group Inc.	1,900	53,621	1.07
Suntory Beverage & Food Ltd.	2,035	79,402	1.58
Takeda Pharmaceutical Co. Ltd.	2,728	98,011	1.96
Tokyo Broadcasting System Holdings Inc.	5,000	79,982	1.60
Totetsu Kogyo Co. Ltd.	900	22,720	0.45
Toyota Industries Corp.	1,100	58,468	1.17
Luxembourg (0.69%)			
SES SA, IDR	5,095	34,810	0.69

INVESTMENT PORTFOLIO (CONTINUED)

AS AT 30 JUNE 2020

(UNAUDITED)

TEMPLETON SELECT GLOBAL EQUITY FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Listed Equities (82.53%) (continued)			
Netherlands (2.37%)			
NXP Semiconductors NV	800	91,232	1.82
Randstad NV	611	27,319	0.55
Norway (1.01%)			
Equinor ASA	3,498	50,403	1.01
South Korea (3.05%)			
Samsung Electronics Co. Ltd.	3,437	152,555	3.05
Spain (0.91%)			
Amadeus IT Group SA	871	45,725	0.91
Switzerland (2.58%)			
Adecco Group AG	569	26,820	0.54
Roche Holding AG	295	102,203	2.04
United Kingdom (4.63%)			
BAE Systems PLC	8,916	53,311	1.06
BP PLC	10,498	40,217	0.80
Johnson Matthey PLC	514	13,386	0.27
LivaNova PLC	800	38,504	0.77
Vodafone Group PLC	54,422	86,514	1.73
United States of America (22.79%)			
Berkshire Hathaway Inc., B	400	71,404	1.42
Citigroup Inc.	945	48,290	0.96
Comcast Corp., A	2,720	106,026	2.12
Dollar Tree Inc.	1,400	129,752	2.59
F5 Networks Inc.	700	97,636	1.95
First Solar Inc.	1,200	59,400	1.18
Freeport-McMoRan Inc.	5,400	62,478	1.25
Gilead Sciences Inc.	630	48,472	0.97
Laboratory Corp. of America Holdings	400	66,444	1.33
Medtronic PLC	300	27,510	0.55
Oracle Corp.	1,870	103,355	2.06
The Kroger Co.	2,970	100,534	2.01
The Walt Disney Co.	300	33,453	0.67
United Parcel Service Inc., B	790	87,832	1.75
Verizon Communications Inc.	1,800	99,234	1.98
Total Investments		4,134,471	82.53
Net Forward Foreign Exchange Contracts Value (Note 4)		1,209	0.02
		4,135,680	82.55
Other Net Assets		874,183	17.45
Net Assets as at 30 June 2020		5,009,863	100.00
Total Investments at cost as at 30 June 2020		4,066,645	

INVESTMENT PORTFOLIO (CONTINUED)

AS AT 30 JUNE 2020

(UNAUDITED)

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND

	Holdings	Fair value (USD)	% of NAV
Investments (96.55%)			
Quoted Investment Funds (52.29%)			
Luxembourg (5.29%)			
Franklin High Yield Fund	21,097	190,085	1.60
Templeton Emerging Markets Bond Fund	63,241	438,891	3.69
Exchange Traded Funds (47.00%)			
China (1.53%)			
iShares China CNY Bond UCITS ETF	36,496	182,159	1.53
Ireland (32.45%)			
Franklin LibertyQ Emerging Markets UCITS ETF	32,899	715,142	6.02
Franklin LibertyQ European Dividend UCITS ETF	7,422	177,722	1.50
Franklin LibertyQ European Equity UCITS ETF	12,791	353,703	2.97
Franklin LibertyQ Global Dividend UCITS ETF	29,541	702,042	5.91
HSBC MSCI WORLD UCITS ETF	13,408	294,825	2.48
iShares Core Global Aggregate Bond UCITS ETF	136,269	776,325	6.53
iShares Global Corporate Bond UCITS ETF	8,063	836,939	7.04
United States of America (13.02%)			
iShares International Treasury Bond ETF	9,318	474,286	3.99
Vanguard Total International Bond ETF	18,597	1,073,605	9.03
Listed Real Estate Investment Trusts ("REIT") (0.85%)			
Australia (0.14%)			
Dexus	1,002	6,430	0.05
Goodman Group	990	10,214	0.09
United Kingdom (0.09%)			
Segro PLC	987	10,916	0.09
United States of America (0.62%)			
American Tower Corp.	91	23,527	0.20
Equity Lifestyle Properties Inc.	158	9,872	0.08
Public Storage	121	23,219	0.20
Simon Property Group Inc.	152	10,394	0.09
Vornado Realty Trust	158	6,037	0.05
Listed Equities (30.88%)			
Australia (0.96%)			
AGL Energy Ltd.	580	6,861	0.06
BHP Group Ltd.	526	13,094	0.11
Coles Group Ltd.	920	10,935	0.09
CSL Ltd.	121	24,062	0.20
Fortescue Metals Group Ltd.	1,121	10,896	0.09
Medibank Private Ltd.	2,523	5,230	0.05
Rio Tinto Ltd.	213	14,583	0.12
Rio Tinto PLC	500	28,137	0.24

INVESTMENT PORTFOLIO (CONTINUED)

AS AT 30 JUNE 2020

(UNAUDITED)

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Listed Equities (30.88%) (continued)			
Belgium (0.06%)			
Galapagos NV	39	7,697	0.06
Brazil (0.12%)			
Itaúsa SA, pfd.	3,900	6,879	0.06
WEG SA	769	7,159	0.06
Canada (0.50%)			
Constellation Software Inc.	19	21,454	0.18
Kirkland Lake Gold Ltd.	191	7,865	0.07
Magna International Inc.	242	10,778	0.09
Sun Life Financial Inc.	526	19,330	0.16
China (0.97%)			
Anhui Conch Cement Co. Ltd., H	1,500	10,164	0.09
Bank of China Ltd., H	72,000	26,671	0.22
Bank of Communications Co. Ltd., H	8,000	4,953	0.04
China CITIC Bank Corp. Ltd., H	8,100	3,550	0.03
China Minsheng Banking Corp. Ltd., H	6,190	4,261	0.04
China Mobile Ltd.	3,000	20,256	0.17
China National Building Material Co. Ltd., H	2,000	2,145	0.02
China Overseas Land & Investment Ltd.	2,000	6,107	0.05
China Resources Gas Group Ltd.	1,000	4,893	0.04
China Telecom Corp. Ltd., H	12,000	3,371	0.03
CNOOC Ltd.	9,000	10,101	0.08
Country Garden Services Holdings Co. Ltd.	1,000	4,668	0.04
ENN Energy Holdings Ltd.	600	6,780	0.06
Vipshop Holdings Ltd., ADR	364	7,247	0.06
Denmark (0.29%)			
Coloplast AS, B	72	11,221	0.10
Novo Nordisk AS, B	354	23,060	0.19
Finland (0.13%)			
Neste Oil OYJ	273	10,722	0.09
Orion OYJ	92	4,461	0.04
France (0.53%)			
EDF SA	537	4,992	0.04
Hermes International	29	24,346	0.20
Peugeot SA	497	8,150	0.07
Sartorius Stedim Biotech	27	6,845	0.06
Ubisoft Entertainment SA	82	6,790	0.06
Veolia Environnement SA	505	11,402	0.10
Germany (0.45%)			
Adidas AG	57	15,027	0.12
Aroundtown SA	1,048	6,006	0.05
Evonik Industries AG	176	4,482	0.04
Hannover Rueck SE	53	9,159	0.08
Sartorius AG, pfd.	32	10,561	0.09
Zalando SE	116	8,228	0.07

INVESTMENT PORTFOLIO (CONTINUED)

AS AT 30 JUNE 2020

(UNAUDITED)

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Listed Equities (30.88%) (continued)			
Hong Kong (0.06%)			
WH Group Ltd., Reg S	8,500	7,346	0.06
India (0.25%)			
HCL Technologies Ltd.	1,013	7,472	0.06
Hindustan Unilever Ltd.	591	17,077	0.15
Nestle India Ltd.	22	4,992	0.04
Ireland (0.05%)			
Kingspan Group PLC	92	5,910	0.05
Israel (0.06%)			
Check Point Software Technologies Ltd.	69	7,413	0.06
Italy (0.13%)			
Assicurazioni Generali SpA	991	15,052	0.13
Japan (2.90%)			
Advantest Corp.	100	5,707	0.05
Astellas Pharma Inc.	1,400	23,379	0.20
Chugai Pharmaceutical Co. Ltd.	300	16,062	0.13
Fujitsu Ltd.	100	11,708	0.10
Hitachi Ltd.	400	12,714	0.11
Hoya Corp.	100	9,576	0.08
KDDI Corp.	700	20,886	0.18
M3 Inc.	300	12,744	0.11
Mitsubishi Electric Corp.	1,600	20,898	0.18
NEC Corp.	200	9,609	0.08
Nexon Co. Ltd.	400	9,023	0.08
Nippon Telegraph & Telephone Corp.	1,100	25,629	0.21
Nissan Chemical Corp.	100	5,145	0.04
Nitto Denko Corp.	100	5,669	0.05
Nomura Research Institute Ltd.	300	8,194	0.07
NTT DOCOMO Inc.	1,100	29,203	0.24
Obayashi Corp.	600	5,641	0.05
Oji Holdings Corp.	800	3,732	0.03
Olympus Corp.	400	7,701	0.06
ORIX Corp.	1,200	14,901	0.12
Otsuka Corp.	100	5,282	0.04
Recruit Holdings Co. Ltd.	400	13,756	0.12
Sekisui House Ltd.	600	11,455	0.10
Shionogi & Co. Ltd.	200	12,547	0.10
Softbank Corp.	1,200	15,296	0.13
Square Enix Holdings Co. Ltd.	100	5,066	0.04
Toppan Printing Co. Ltd.	200	3,344	0.03
Trend Micro Inc.	100	5,588	0.05
Tsuruha Holdings Inc.	100	13,811	0.12
Mexico (0.07%)			
Grupo Financiero Banorte SAB de CV	2,267	7,865	0.07

INVESTMENT PORTFOLIO (CONTINUED)

AS AT 30 JUNE 2020

(UNAUDITED)

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Listed Equities (30.88%) (continued)			
Netherlands (0.42%)			
Koninklijke Ahold Delhaize NV	976	26,597	0.22
Randstad NV	105	4,695	0.04
Wolters Kluwer NV	243	18,978	0.16
New Zealand (0.05%)			
Fisher & Paykel Healthcare Corp. Ltd.	270	6,220	0.05
Singapore (0.03%)			
Singapore Exchange Ltd.	659	3,966	0.03
South Africa (0.03%)			
Vodacom Group Ltd.	576	4,085	0.03
South Korea (0.28%)			
Hana Financial Group Inc.	258	5,883	0.05
Kia Motors Corp.	231	6,259	0.05
NCSOFT Corp.	15	11,189	0.10
Shinhan Financial Group Co. Ltd.	407	9,862	0.08
Spain (0.37%)			
Endesa SA	298	7,392	0.06
Iberdrola SA	1,663	19,413	0.16
Industria de Diseno Textil SA	377	10,002	0.08
Red Electrica Corp. SA	415	7,764	0.07
Sweden (0.34%)			
Atlas Copco AB, A	239	10,177	0.08
Hennes & Mauritz AB, B	334	4,875	0.04
Investor AB, B	377	19,997	0.17
Kinnevik AB, B	212	5,595	0.05
Switzerland (1.31%)			
Adecco Group AG	139	6,552	0.05
EMS-Chemie Holding AG	7	5,438	0.05
Geberit AG	35	17,561	0.15
Partners Group Holding AG	17	15,482	0.13
Roche Holding AG	216	74,833	0.63
SGS SA	6	14,698	0.12
Sonova Holding AG	50	10,009	0.08
Swiss Life Holding AG	31	11,532	0.10
Taiwan (0.64%)			
Hon Hai Precision Industry Co. Ltd.	6,000	17,668	0.15
Taiwan Semiconductor Manufacturing Co. Ltd.	5,000	53,553	0.45
United Microelectronics Corp.	9,795	5,311	0.04
Thailand (0.06%)			
Advanced Info Service PCL, fgn.	1,100	6,626	0.06
United Kingdom (1.03%)			
3i Group PLC	873	8,989	0.08
Admiral Group PLC	182	5,161	0.04
Auto Trader Group PLC	836	5,443	0.05
Barratt Developments PLC	876	5,384	0.05

INVESTMENT PORTFOLIO (CONTINUED)

AS AT 30 JUNE 2020

(UNAUDITED)

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Listed Equities (30.88%) (continued)			
United Kingdom (1.03%) (continued)			
BHP Group PLC	857	17,536	0.15
Fiat Chrysler Automobiles NV	684	6,920	0.06
Hargreaves Lansdown PLC	307	6,191	0.05
Legal & General Group PLC	3,592	9,792	0.08
Next PLC	117	7,083	0.06
Persimmon PLC	270	7,641	0.06
RELX PLC	1,008	23,330	0.20
Taylor Wimpey PLC	2,826	4,988	0.04
The Berkeley Group Holdings PLC	99	5,098	0.04
The Sage Group PLC	983	8,160	0.07
United States of America (18.79%)			
AbbVie Inc.	277	27,196	0.23
Accenture PLC, A	284	60,980	0.51
Adobe Inc.	141	61,379	0.52
Air Products and Chemicals Inc.	133	32,114	0.27
Align Technology Inc.	38	10,429	0.09
Allegion PLC	85	8,689	0.07
Alphabet Inc., A	22	31,197	0.26
Alphabet Inc., C	51	72,094	0.61
Amazon.com Inc.	43	118,629	1.00
Ameriprise Financial Inc.	139	20,856	0.17
Amgen Inc.	146	34,436	0.29
Apple Inc.	446	162,701	1.37
Best Buy Co. Inc.	218	19,025	0.16
Biogen Inc.	76	20,334	0.17
Booking Holdings Inc.	14	22,293	0.19
Cabot Oil & Gas Corp., A	251	4,312	0.04
Cadence Design Systems Inc.	249	23,894	0.20
Cerner Corp.	290	19,880	0.17
Cintas Corp.	78	20,776	0.17
Citrix Systems Inc.	91	13,460	0.11
Clorox Co.	115	25,228	0.21
Copart Inc.	186	15,488	0.13
Cummins Inc.	125	21,657	0.18
DaVita Inc.	69	5,461	0.05
Domino's Pizza Inc.	26	9,605	0.08
eBay Inc.	489	25,648	0.22
Edwards Lifesciences Corp.	261	18,038	0.15
Electronic Arts Inc.	125	16,506	0.14
Emerson Electric Co.	559	34,675	0.29
F5 Networks Inc.	55	7,671	0.06
Facebook Inc., A	340	77,204	0.65
FactSet Research Systems Inc.	35	11,496	0.10
Fastenal Co.	523	22,405	0.19
Fidelity National Financial Inc.	250	7,665	0.06
Fortinet Inc.	93	12,766	0.11
HP Inc.	769	13,404	0.11
IDEXX Laboratories Inc.	62	20,470	0.17

INVESTMENT PORTFOLIO (CONTINUED)

AS AT 30 JUNE 2020

(UNAUDITED)

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Listed Equities (30.88%) (continued)			
United States of America (18.79%) (continued)			
Illinois Tool Works Inc.	260	45,461	0.38
Intel Corp.	610	36,496	0.31
Intuit Inc.	117	34,654	0.29
Jazz Pharmaceuticals PLC	51	5,627	0.05
Lam Research Corp.	68	21,995	0.18
Lockheed Martin Corp.	101	36,857	0.31
Lululemon Athletica Inc.	70	21,841	0.18
LyondellBasell Industries NV, A	177	11,632	0.10
MarketAxess Holdings Inc.	26	13,024	0.11
Mastercard Inc., A	206	60,914	0.51
Mettler-Toledo International Inc.	23	18,528	0.16
Microsoft Corp.	857	174,408	1.47
Moody's Corp.	138	37,913	0.32
MSCI Inc.	67	22,366	0.19
NIKE Inc., B	361	35,396	0.30
Northrop Grumman Corp.	41	12,605	0.11
NortonLifeLock Inc.	489	9,697	0.08
NRG Energy Inc.	209	6,805	0.06
NVIDIA Corp.	70	26,594	0.22
NVR Inc.	3	9,776	0.08
Old Dominion Freight Line Inc.	86	14,585	0.12
Omnicom Group Inc.	198	10,811	0.09
Raytheon Technologies Corp.	312	19,225	0.16
Regeneron Pharmaceuticals Inc.	33	20,580	0.17
Robert Half International Inc.	107	5,653	0.05
Rockwell Automation Inc.	106	22,578	0.19
Rollins Inc.	139	5,892	0.05
Ross Stores Inc.	125	10,655	0.09
S&P Global Inc.	140	46,127	0.39
SEI Investments Co.	116	6,378	0.05
Skyworks Solutions Inc.	155	19,818	0.17
Snap-on Inc.	50	6,926	0.06
STERIS PLC	77	11,815	0.10
Synchrony Financial	405	8,975	0.08
Synopsys Inc.	132	25,740	0.22
T. Rowe Price Group Inc.	212	26,182	0.22
Target Corp.	139	16,670	0.14
Texas Instruments Inc.	338	42,916	0.36
The Blackstone Group Inc., A	279	15,808	0.13
The Hershey Co.	126	16,332	0.14
The Kroger Co.	559	18,922	0.16
The Procter & Gamble Co.	448	53,567	0.45
Ulta Beauty Inc.	32	6,509	0.05
Veeva Systems Inc.	65	15,237	0.13
W.W. Grainger Inc.	42	13,195	0.11

INVESTMENT PORTFOLIO (CONTINUED)

AS AT 30 JUNE 2020

(UNAUDITED)

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Quoted Fixed Income Securities (12.53%)			
United States Dollar (12.53%)			
U.S. Treasury Bond, 4.50%, 2/15/36	70,000	107,172	0.90
U.S. Treasury Bond, 4.75%, 2/15/37	140,000	223,330	1.88
U.S. Treasury Bond, 5.00%, 5/15/37	161,000	264,106	2.22
U.S. Treasury Bond, 6.375%, 8/15/27	260,000	367,997	3.10
U.S. Treasury Note, 2.50%, 3/31/23	216,000	229,787	1.93
U.S. Treasury Note, 2.625%, 11/15/20	294,000	296,687	2.50
Total Investments		11,476,058	96.55
Net Forward Foreign Exchange Contracts Value (Note 4)		2,128	0.02
Futures (Note 4)			
Euro Stoxx 50 Index, September, 9/18/20	1	533	0.01
FTSE 100 Index, September, 9/18/20	2	(681)	(0.01)
MSCI Emerging Markets Index, September, 9/18/20	2	480	—*
Nikkei 225 Mini, September, 9/10/20	(11)	6,011	0.05
Total Futures		6,343	0.05
Options (Note 4)			
DJ Euro STOXX 50, Expires 7/03/20, Call Option, Strike Price USD3434.97	(91)	(28)	—*
DJ Euro STOXX 50, Expires 7/10/20, Call Option, Strike Price USD3405.64	(92)	(664)	(0.01)
MSCI Emerging Markets Index, Expires 7/03/20, Call Option, Strike Price EUR1052.90	(299)	(2)	—*
MSCI Emerging Markets Index, Expires 7/10/20, Call Option, Strike Price EUR1055.25	(298)	(363)	—*
S&P 500 Index, Expires 7/02/20, Call Option, Strike Price EUR3284.4	(223)	(3)	—*
S&P 500 Index, Expires 7/10/20, Call Option, Strike Price EUR3217.2917	(228)	(1,759)	(0.01)
Total Options		(2,819)	(0.02)
		11,481,710	96.60
Other Net Assets		404,635	3.40
Net Assets as at 30 June 2020		11,886,345	100.00
Total Investments at cost as at 30 June 2020		11,097,723	

* Amount less than 0.01%

INVESTMENT PORTFOLIO (CONTINUED)

AS AT 30 JUNE 2020

(UNAUDITED)

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

Additional Details on Derivative Financial Instruments

Futures

Euro Stoxx 50 Index, September, 9/18/20
 FTSE 100 Index, September, 9/18/20
 MSCI Emerging Markets Index, September, 9/18/20
 Nikkei 225 Mini, September, 9/10/20

Underlying Asset

Euro Stoxx 50 Index
 FTSE 100 Index
 MSCI Emerging Markets Index
 Nikkei 225 Index

Counterparty

JPMorgan Chase Bank NA
 JPMorgan Chase Bank NA
 JPMorgan Chase Bank NA
 JPMorgan Chase Bank NA

Options

DJ Euro STOXX 50, Expires 7/03/20, Call Option, Strike Price USD3434.97
 DJ Euro STOXX 50, Expires 7/10/20, Call Option, Strike Price USD3405.64
 MSCI Emerging Markets Index, Expires 7/03/20, Call Option, Strike Price EUR1052.90
 MSCI Emerging Markets Index, Expires 7/10/20, Call Option, Strike Price EUR1055.25
 S&P 500 Index, Expires 7/02/20, Call Option, Strike Price EUR3284.4
 S&P 500 Index, Expires 7/10/20, Call Option, Strike Price EUR3217.2917

Underlying Asset

Euro Stoxx 50 Index
 Euro Stoxx 50 Index
 MSCI Emerging Markets Index
 MSCI Emerging Markets Index
 S&P 500 Index
 S&P 500 Index

Counterparty

HSBC Bank Plc
 JPMorgan Chase Bank NA
 JPMorgan Chase Bank NA
 JPMorgan Chase Bank NA
 HSBC Bank Plc
 HSBC Bank Plc
 Goldman Sachs International

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS

FOR THE PERIOD ENDED 30 JUNE 2020

(UNAUDITED)

TEMPLETON SELECT GLOBAL EQUITY FUND

	Percentage holdings of net assets 30 June 2020 %	Percentage holdings of net assets 31 December 2019 %
Investments		
Listed Equities		
Belgium	0.94	—
Canada	3.16	2.60
China	1.34	3.53
Denmark	1.29	1.27
France	3.15	7.94
Germany	10.07	10.24
Hong Kong	3.25	2.43
Ireland	0.53	1.71
Italy	—	3.29
Japan	20.77	12.32
Luxembourg	0.69	1.70
Netherlands	2.37	2.10
Norway	1.01	1.13
Singapore	—	0.90
South Korea	3.05	4.75
Spain	0.91	—
Switzerland	2.58	0.79
United Kingdom	4.63	14.71
United States of America	22.79	23.49
Total Investments	82.53	94.90
Forward Foreign Exchange Contracts (Note 4)	0.02	0.18
	82.55	95.08
Other Net Assets	17.45	4.92
Net Assets as at period/year end	100.00	100.00

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2020
(UNAUDITED)

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND

	Percentage holdings of net assets 30 June 2020 %	Percentage holdings of net assets 31 December 2019 %
Investments		
Quoted Investment Funds		
Luxembourg	5.29	8.69
Exchange Traded Funds		
China	1.53	—
Ireland	32.45	33.54
United States of America	13.02	8.76
Listed Real Estate Investment Trusts ("REIT")		
Australia	0.14	0.15
Mexico	—	0.03
Singapore	—	0.04
United Kingdom	0.09	—
United States of America	0.62	0.71
Listed Equities		
Australia	0.96	1.30
Belgium	0.06	0.03
Brazil	0.12	0.17
Canada	0.50	0.81
China	0.97	0.79
Denmark	0.29	0.29
Finland	0.13	0.11
France	0.53	0.80
Germany	0.45	0.48
Hong Kong	0.06	0.26
India	0.25	—
Ireland	0.05	—
Israel	0.06	0.04
Italy	0.13	0.17
Japan	2.90	2.17
Mexico	0.07	0.10
Netherlands	0.42	0.53
New Zealand	0.05	—
Singapore	0.03	0.04
South Africa	0.03	0.04
South Korea	0.28	0.32
Spain	0.37	0.45
Sweden	0.34	0.38
Switzerland	1.31	1.32
Taiwan	0.64	0.13
Thailand	0.06	0.06
United Arab Emirates	—	0.05
United Kingdom	1.03	1.47
United States of America	18.79	21.22
Quoted Fixed Income Securities		
United States Dollar	12.53	12.91
Total Investments	96.55	98.36

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2020
(UNAUDITED)

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Percentage holdings of net assets 30 June 2020 %	Percentage holdings of net assets 31 December 2019 %
Forward Foreign Exchange Contracts (Note 4)	0.02	0.17
Futures (Note 4)	0.05	0.02
Options (Note 4)	(0.02)	—
	96.60	98.55
Other Net Assets	3.40	1.45
Net Assets as at period/year end	100.00	100.00

INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS FOR THE PERIOD ENDED 30 JUNE 2020 (UNAUDITED)

The following table details the exposure arising from the use of financial derivative instruments for the period ended 30 June 2020:

	Templeton Select Global Equity Fund		Franklin Select Global Multi-Asset Income Fund	
	Gross exposure %	Net exposure %	Gross exposure %	Net exposure %
Highest	117.04	—*	113.83	21.83
Lowest	59.06	—*	55.21	0.08
Average	66.65	—*	68.68	5.84

*No financial derivative instruments were used for investment purposes

ADMINISTRATION

MANAGER, REGISTRAR AND TRANSFER AGENT

Franklin Templeton Investments (Asia) Limited
17/F, Chater House
8 Connaught Road Central
Hong Kong

DIRECTORS OF THE MANAGER

Browning, Mark Banks
Chang, Wan David
Plafker, Jed Andrew
Wu, Wai Kwok

INVESTMENT MANAGER

Franklin Templeton Investments (Asia) Limited
17/F, Chater House
8 Connaught Road Central
Hong Kong

TRUSTEE

Cititrust Limited
50/F, Champion Tower
Three Garden Road, Central
Hong Kong

CUSTODIAN

Citibank, N.A. (Hong Kong Branch)
50/F, Champion Tower
Three Garden Road, Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
22/F, Prince's Building, Central
Hong Kong

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