FRANKLIN TEMPLETON

# Product Key Facts
# Franklin Templeton Investment Funds – Franklin Mutual U.S. Value Fund

*Issuer: Franklin Templeton Investments (Asia) Limited*

*Last updated: April 2021*

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

**Quick facts**

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

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

***Depositary:*** *J.P. Morgan Bank Luxembourg S.A.*

***Base currency:*** *USD*

***Financial year end of this Fund:*** *30 June*

***Dealing frequency:*** *Every Hong Kong Business Day*

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

***Ongoing charges over a year[#]:***

*Class A (acc) EUR: 1.86%*
*Class A (acc) USD: 1.87%*
*Class B (acc) USD: 3.20%*
*Class N (acc) USD: 2.59%*

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

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

**What is this product?**

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

**Investment Objective and Policy**

*Franklin Mutual U.S. Value Fund ("the Fund") aims to increase the value of its investments and, secondarily, to earn income over the medium to long term.*

*The Fund invests principally (that is, at least two-thirds of the Fund's net assets) in:*

- *equity securities and debt securities convertible or expected to be convertible into common or preferred stock issued by companies located in the U.S.*

*At least 70% of the Fund's net assets will be invested in securities of U.S. issuers. In exceptional market circumstances (such as extreme volatility) and on a temporary basis only, 100% of the Fund's net assets may be invested in liquid assets, with due regard to the principle of risk spreading.*

*The Fund may also invest on an ancillary basis in:*

- *securities issued by companies involved in mergers, consolidations, liquidations, reorganizations or other major corporate transactions*
- *debt securities of companies involved in reorganization or financial restructuring, including low-rated and non-investment grade securities*
- *securities issued by non-U.S. issuers*
- *derivatives for hedging and efficient portfolio management purposes*

*In exceptional market circumstances, the Fund may temporary hold a greater amount of cash in times where the manager believes that the markets are experiencing excessive volatility, a prolonged general decline or other adverse conditions.*

*For the purpose of generating additional capital or income or for reducing costs or risks, the Fund may engage in securities lending transactions for up to 50% of its net assets, in a manner that is consistent with its investment policy. For the avoidance of doubt, any securities lending will be an ancillary activity of the Fund only.*

**Use of derivatives / investment in derivatives**

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

**What are the key risks?**

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

- ***Debt securities risk:*** *The Fund is exposed to the credit/default risk of issuers of the debt securities that the Fund may invest in. Investment in the Fund is subject to interest rate risk. The debt securities will generally increase in value when interest rates fall and decrease in value when interest rates rise. Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. The Fund may invest in debt securities on which the issuer is not currently making interest payments (defaulted debt securities). These securities may become illiquid. The Fund may invest in higher-yielding securities rated lower than investment grade or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.*
- ***Market risk:*** *The market values of securities owned by the Fund will tend to go up or down, sometimes rapidly or unpredictably, due to factors affecting individual issuers, particular industries or sectors within securities markets, or because of general market conditions. During a general downturn in the securities markets, multiple asset classes (including different sectors of the same asset class) may decline in value at the same time. Similarly, when markets perform well, there can be no assurance that securities held by the Fund will participate in the advance. Because the securities the Fund holds fluctuate in price in this manner, the Fund's value may go down as well as up and investors may be adversely affected.*
- ***Equity risk:*** *Equity and equity-linked securities are subject to significant price movements due to various economic, political, market and issuer-specific factors. Such changes may adversely affect the value of equities regardless of issuer-specific performance. Additionally, different industries, financial markets and securities can react differently to these changes. Such fluctuations of the Fund's value are often exacerbated in the short-term. Financial markets trends (including feared or actual failures in the banking system) may also cause large fluctuations in the prices of such securities. As a result, the Fund may be adversely affected.*
- ***Credit risk:*** *The Fund is exposed to the credit/default risk of issuers of the debt securities that the Fund may invest in. Changes in the financial condition of an issuer, changes in economic and political conditions in general, or changes in economic and political conditions specific to an issuer, are factors that may have an adverse impact on an issuer's credit quality and security value. Default can occur if an issuer fails to make principal and interest payments when due, which may*

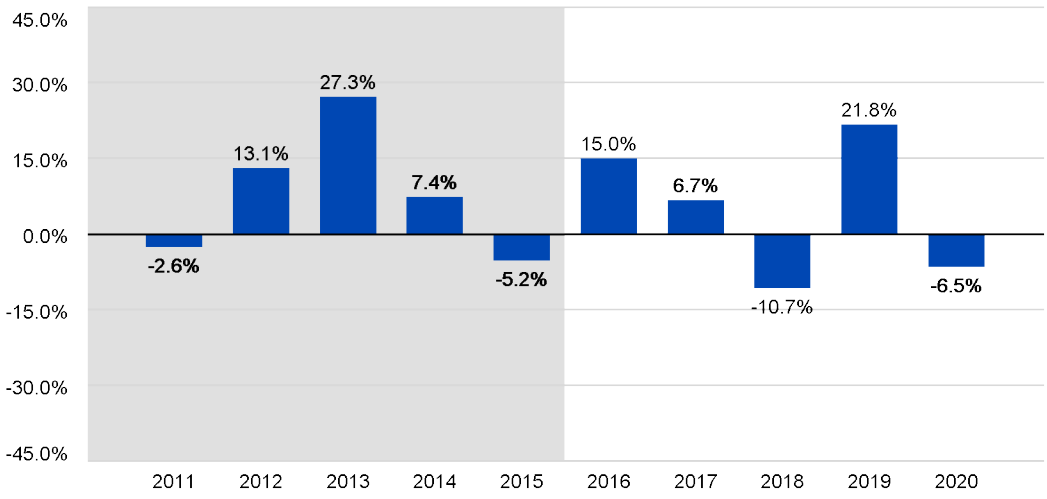
*result in a substantial loss to the Fund. Debt securities are also exposed to the risk of being downgraded, which can adversely affect and/or result in a substantial loss to the Fund.*

- ***Convertible securities risk:*** *The Fund may invest in convertible securities which are a hybrid between debt and equity, permitting holders to convert into shares of the issuer at a specified future date. Convertibles are exposed to equity movement and greater volatility than straight bond investments. Investments in convertible securities are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments. The value and performance of the Fund may be adversely affected as a result.*
- ***Restructuring companies risk:*** *Companies involved in reorganization or financial restructuring tend to have a relatively weak financial position. Restructuring could be disruptive to the business and management structure of the companies involved, which may result in substantial losses for the Fund.*
- ***Concentration risk:*** *The Fund's investments are concentrated in a single country. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments and may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting the country in which it invests.*
- ***Securities lending risk:*** *Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out, which may result in a substantial loss to the Fund.*
- ***Foreign currency risk:*** *The Fund will typically invest to a significant degree in securities that are denominated in currencies other than the base currency of the Fund, exposing its investments to changes in foreign exchange rates and the possibility of exchange control regulations. Changes in currency exchange rates may adversely affect the value of the Fund, and also may affect the income earned by the Fund and gains and losses realized by the Fund. The Fund may seek to hedge currency exposure, which can limit the potential for currency gains. To the extent that the Fund seeks to hedge or protect against currency exchange risk, there is no guarantee that hedging or protection will be achieved, and the value of the Fund may be adversely affected. Furthermore, the total return for a share class that is denominated in a different currency (the "alternative currency") from the base currency of the Fund may be affected, either positively or negatively, by changes in the exchange rate between the Fund's base currency and the alternative currency.*
- ***Liquidity risk:*** *The Fund may not be able to easily sell securities due to adverse market conditions or reduced value or creditworthiness of issuers in which it invests. The inability of the Fund to sell securities or positions may also impede the ability of the Fund to meet redemption requests in a timely manner. Certain securities may also be illiquid due to limited trading markets or contractual restrictions on their resale. Reduced liquidity due to these factors may have an adverse impact on the net asset value of the Fund.*
- ***Valuation risk:*** *Valuation of the Fund's investments may involve uncertainties and judgmental determinations. Independent pricing information may not always be available. If valuations prove to be incorrect, the investors of the Fund may be adversely affected.*
- ***Derivative instruments risk:*** *Derivative instruments involve cost, may be volatile, and may involve a leverage effect. A small market movement may give rise to a proportionately larger impact, which may cause substantial loss to the Fund. Other risks include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The Fund may also hold covered short positions through the use of derivative instruments. In adverse situations, the Fund's use of derivative instruments may become ineffective and the Fund may suffer significant losses.*
- ***Swap agreements risk:*** *In a standard "swap" transaction, two parties agree to exchange the returns (or differential in rates of return) earned or realized on particular predetermined investments or instruments. Whether the Fund's use of swap agreements will be successful in furthering its investment objective will depend on the ability of the investment manager to correctly predict whether certain types of investments are likely to produce greater returns than other investments. Swap*

*agreements are illiquid and in the event of the default or bankruptcy of a swap agreement counterparty, the Fund may suffer a substantial loss.*

- ***Counterparty risk:*** *The Fund may be exposed to the credit/default risks of its counterparties and the Fund/investors may be adversely impacted.*
- ***Volatility risk:*** *The debt securities in emerging markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Fund may incur significant trading costs.*
- ***Dividend policy risk:*** *The Fund's dividend policy allows for payment of dividends out of capital or effectively out of capital. Where this is done, it amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital or payment of dividends effectively out of the Fund's capital (as the case may be) may result in an immediate reduction of the net asset value per share.*

**How has the Fund performed?**




The performance of the Fund in these years was achieved under circumstances that no longer apply. The investment policy was changed in 2012 and 2016.

- *Past performance information is not indicative of future performance. Investors may not get back the full amount invested.*
- *The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividends reinvested.*
- *These figures show by how much class A (acc) USD increased or decreased in value during the calendar year being shown. Class A (acc) USD is the share class available in Hong Kong with the longest history in the Fund. Performance data has been calculated in USD, including ongoing charges and excluding subscription fee and redemption fee you might have to pay.*
- *Fund launch date: 7 July 1997*
- *Class A (acc) USD launch date: 7 July 1997*
- *Effective 25 February 2021, Russell 1000 Value Index-NR was added as the benchmark of the Fund to adhere to European disclosure rules regarding the use of benchmark.*

**Is there any guarantee?**

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

**What are the fees and charges?**

***Charges which may be payable by you***

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

| | ***Class A*** | ***Class B*** | ***Class N*** |
|---|---|---|---|
| ***Subscription fee (Initial sales charge)*** | ***Up to 5.00% of the subscription amount*** | ***N/A*** | ***Up to 3.00% of the subscription amount*** |
| ***Switching fee (Switching charge)**** | ***1.00% of the value of the shares being switched*** | ***N/A*** | ***N/A*** |
| ***Redemption fee (Redemption charge)*** | ***N/A*** | ***Up to 4.00%*** | ***N/A*** |

***Ongoing fees payable by the Fund***

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

| | ***Annual rate (as a % of the Fund's net asset value)*** | | |
|---|---|---|---|
| | ***Class A**** | ***Class B***** | ***Class N**** |
| ***Management fee (Investment management fee)**** | ***1.00%*** | ***1.00%*** | ***1.00%*** |
| ***Depositary fee*** | ***Up to 0.140%*** | ***Up to 0.140%*** | ***Up to 0.140%*** |
| ***Performance fee*** | ***N/A*** | ***N/A*** | ***N/A*** |
| ***Administration fee*** | ***N/A*** | ***N/A*** | ***N/A*** |
| ***Maintenance charge**** | ***0.50%*** | ***0.75%*** | ***1.25%*** |
| ***Servicing charge*** | ***N/A*** | ***1.06%*** | ***N/A*** |
| ***Registrar and Transfer, Corporate, Domiciliary and Administrative Agent fee +***<br>***Additional fixed amount per Shareholder account at each Class level*** | ***Up to 0.2175%***<br><br>***Up to USD 30 per annum*** | ***Up to 0.2175%***<br><br>***Up to USD 30 per annum*** | ***Up to 0.2175%***<br><br>***Up to USD 30 per annum*** |

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

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

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

***Other fees***

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

**Additional Information**

- *You generally buy and redeem shares at the Fund's next determined net asset value (NAV) after the Hong Kong Representative, Franklin Templeton Investments (Asia) Limited, receives your request in good order on or before 4:00 p.m. (Hong Kong time) being the dealing cut-off time. Certain intermediaries may impose an earlier dealing cut-off time.*
- *The net asset value of this Fund is calculated and the price of shares is published on each business day. Information about prices is available online at www.franklintempleton.com.hk.*
- *The compositions of the dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are made available by the Hong Kong Representative on request and are also available online at www.franklintempleton.com.hk.*
- *Investors may obtain the past performance information of other share classes offered to Hong Kong investors from the Hong Kong Representative's website at www.franklintempleton.com.hk.*
- *Investors may obtain information on the intermediaries by calling the Hong Kong Representative at (852) 2877-7733 or visiting the Hong Kong Representative's website at www.franklintempleton.com.hk.*
- *The website mentioned above has not been reviewed by the Securities and Futures Commission ("SFC").*

**Important**

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

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