

Product Key Facts
Franklin Templeton Investment Funds –
Templeton Global Total Return Fund

Issuer: Franklin Templeton Investments (Asia) Limited

Last updated: April 2021

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

Quick facts

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

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

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

Base currency: USD

Financial year end of this Fund: 30 June

Dealing frequency: Every Hong Kong Business Day

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

Ongoing charges over a year[#]:

Class A (Mdis) AUD-H1: 1.43%

Class A (Mdis) EUR: 1.43%

Class A (Mdis) EUR-H1: 1.43%

Class A (Mdis) GBP-H1: 1.43%

Class A (Mdis) HKD: 1.43%

Class A (Mdis) SGD-H1: 1.43%

Class A (Mdis) USD: 1.43%

Class A (acc) EUR: 1.42%

Class A (acc) EUR-H1: 1.42%

Class A (acc) HKD: 1.42%

Class A (acc) USD: 1.43%

Class B (Mdis) USD: 2.93%

Class B (acc) USD: 2.93%

Class N (acc) USD: 2.12%

[#]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

Templeton Global Total Return Fund ("the Fund") aims to maximize total investment return by achieving an increase in the value of its investments, earning income and realizing currency gains over the medium to long term.

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

- *debt securities of any quality (including investment grade and non-investment grade securities) issued by governments, government-related or corporate entities worldwide*

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:

- *mortgage- and asset-backed securities*
- *debt obligations issued by supranational entities organized or supported by several national governments, such as the European Investment Bank*
- *structured products (such as credit-linked securities, commercial and residential mortgage-backed securities as well as collateralised debt obligations, including collateralised loan obligations)*
- *securities in default (limited to 10% of net assets)*
- *equity securities to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation*
- *units of Undertakings for Collective Investment in Transferable Securities ("UCITS") and other Undertakings for Collective Investment ("UCIs") (limited to 10% of the Fund's net assets)*
- *convertible bonds*
- *mortgage dollar roll transactions*
- *Mainland China through the Bond Connect or directly (less than 30% of the Fund's net assets)*

The Fund may invest in financial derivative instruments for hedging, efficient portfolio management and investment purposes to manage the risks of the portfolio and gain exposure to certain asset classes, currencies, or position on the yield curve (long maturities vs. short maturities), or to exchange fixed rate obligations with floating rate obligations. The financial derivative instruments in which the Fund may invest include swaps (such as credit default swaps, interest rate swaps or fixed income related total return swaps), futures contracts, and foreign currency forward contracts, including cross currency forwards where one currency is hedged into another through an intermediate third currency or where one currency is used as a proxy for hedging another currency (e.g. using the Canadian dollar as a proxy for the U.S. dollar).

The Fund may invest up to 25% of its net assets in debt securities issued or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase (such as Argentina, Brazil, Colombia, Egypt, Ghana, Hungary, Indonesia, Italy, Mainland China, Malaysia, Mexico, Nigeria, Peru, Portugal, Russia, Serbia, South Africa, Spain, Sri Lanka, Turkey, Ukraine and Uruguay). Such investments (if any) are made based on the professional judgment of the Investment Manager whose reasons for investment may include a favourable/positive outlook on the sovereign issuer, potential for rating upgrades and the expected changes in the value of such investments due to rating changes. Please note that the abovementioned sovereigns are named for reference only and are subject to change as their credit ratings may change from time to time.

The Fund may invest in debt instruments with loss-absorption features ("LAP") e.g. contingent convertible securities, senior non-preferred debts, etc. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Fund's expected total maximum investments in LAP is 30% of its net assets.

The Fund may use futures contracts on U.S. Treasury securities to help manage risks relating to interest rates and other market factors, to increase liquidity, and to quickly and efficiently cause new cash to be invested in the securities markets or, if cash is needed to meet shareholder redemption requests, to remove Fund's assets from exposure to the market. On an ancillary basis, the Fund may gain exposure to debt market indexes by investing in index-based financial derivatives and credit default swaps.

The Fund employs a proprietary Environmental, Social and Governance (ESG) rating methodology to assess government bond issuers, which is derived from a composite of subcategories determined to be material to macroeconomic performance. The research team assigns scores on all invested countries by overlaying their views on a benchmark created by global indexes for current scores. Projected numbers in anticipation of how conditions will change in the medium term are emphasized as part of the research process. Preference is given to countries with higher ESG ratings or projected neutral to improving ESG ratings. ESG subcategories, weightings, and global indexes used may change over time. The Investment Manager performs ESG rating methodology on all potential and current holdings but the results of this methodology can be deviated from in the portfolio construction. For the avoidance of doubt, the Fund is not classified as a green or ESG fund, pursuant to the "Circular to management companies of SFC-authorized unit trusts and mutual funds - Green or ESG funds" issued by the SFC on 11 April 2019.

Use of derivatives / investment in derivatives

The Fund's net derivative exposure may be more than 50% but up to 100% 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's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situation, the governmental entity may be unwilling or unable to pay interest and repay principal, or the indebtedness may be restructured. In the event of a default on sovereign debt, the Fund may suffer significant losses. 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.*
- **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.*
- **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 use instruments such as currency forwards, cross currency forwards and currency futures contracts to hedge currency exposure, which can limit the potential for currency gains, or to take a currency position for investment purposes, which can result in substantial loss to the Fund. 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.

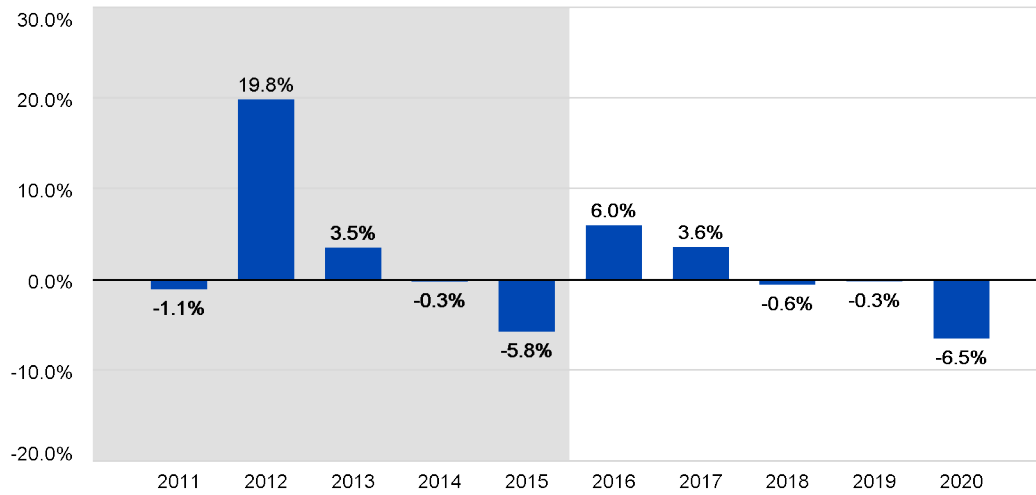
- **Concentration risk:** The Fund seeks to maintain a portfolio with holdings in a relatively limited number of issuers. By being less diversified, the Fund may be more volatile than broadly diversified funds, or may be exposed to greater risk since underperformance of one or a few positions will have a greater impact on the Fund’s assets. The Fund may be adversely affected as a result of such greater volatility or risk.
- **Liquidity risk:** The Fund may not be able to easily sell securities due to adverse market conditions or reduced value or creditworthiness of issuers in which it invests. The inability of the Fund to sell securities or positions may also impede the ability of the Fund to meet redemption requests in a timely manner. Certain securities may also be illiquid due to limited trading markets or contractual restrictions on their resale. Reduced liquidity due to these factors may have an adverse impact on the net asset value of the Fund.
- **Valuation risk:** Valuation of the Fund’s investments may involve uncertainties and judgmental determinations. Independent pricing information may not always be available. If valuations prove to be incorrect, the investors of the Fund may be adversely affected.
- **Volatility risk:** The debt securities in emerging markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Fund may incur significant trading costs.
- **Securitisation risk:** A securitisation is composed of multiple tranches, usually spanning from the equity tranche (highest risk) to the senior tranche (the lowest risk). The performance of each tranche is determined by the performance of the underlying assets or “collateral pool”. The collateral pool can encompass securities with different credit qualities, including high-yield securities and junk bonds, and the credit rating of the tranche is not reflective of the quality of the underlying assets. A securitization may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.
- **Derivative instruments risk:**
 - Risk associated with derivative instruments – Derivative instruments involve cost, may be volatile, and may involve a leverage effect. A small market movement may give rise to a proportionately larger impact, which may cause substantial loss to the Fund. Other risks include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. In adverse situations, the Fund’s use of derivative instruments may become ineffective and the Fund may suffer significant losses.
 - Risks of implementing active position in financial derivative instruments – The Fund may invest in financial derivative instruments whose returns will not be correlated or will have low correlation with the underlying securities positions held by the Fund. As a result, the Fund may experience losses even when there is no loss in the value of the underlying securities positions held by the Fund. The Fund may experience losses from financial derivative instruments that exceed the capital originally invested in said instruments.

- **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.*
- **Credit-linked securities risk:** *The Fund may invest in credit-linked securities (such as credit default swaps). The Fund may be adversely affected by any delay or cessation in the making of payments by the issuers of the debt obligations underlying the credit-linked security or by the issuer of the credit-linked security. If the market for credit-linked securities becomes illiquid, the Fund could experience difficulty in selling such security at a price the investment manager believes is fair, and the Fund may be adversely impacted.*
- **Structured notes risk:** *Structured notes involve a counterparty structuring a note whose value is intended to move in line with the underlying security specified in the note. Unlike financial derivative instruments, cash is transferred from the buyer to the seller of the note. Investment in these instruments may cause a loss if the value of the underlying security decreases. There is also a risk that the note issuer will default. The liquidity of a structured note can be less than that for the underlying security, a regular bond or debt instrument and this may adversely affect the Fund.*
- **Risks associated with investments in debt instruments with loss-absorption features:** *Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of a pre-defined trigger events (e.g. when the issue is near or at the point of non-viability or when the issuer’s capital ratio falls to a specified level), which are likely to be outside of the issuer’s control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments. In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk. The Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The Fund may also invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.*
- **Convertible securities risk:** *The Fund may invest in convertible securities (including contingent capital securities, hybrid bonds and bonds convertible into common stock or with warrants attached) 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.*
- **Emerging markets risk:** *The Fund may invest in, or be exposed to, emerging markets, which may involve increased risks and special considerations not typically associated with investment in more developed markets. The risks of investing in emerging markets, which can adversely affect and/or result in a substantial loss to the Fund, may include: liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.*
- **Europe and Eurozone risk:** *The Fund may invest in the Eurozone. Mounting sovereign debt burdens (e.g. any sovereigns within the Eurozone, which default on their debts, may be forced to restructure their debts and faced difficulties in obtaining*

credit or refinancing) and slowing economic growth among European countries, combined with uncertainties in European financial markets, including feared or actual failures in the banking system and the possible break-up of the Eurozone and Euro currency, may adversely affect interest rates and the prices of securities across Europe and potentially other markets as well. These events may increase volatility, liquidity and currency risks associated with investments in Europe. The aforesaid economic and financial difficulties in Europe may spread across Europe and as a result, a single or several European countries may exit the Eurozone or a sovereign within the Eurozone may default on its debts. In any event of the break-up of the Eurozone or Euro currency, the Fund may be exposed to additional operational or performance risks. While the European governments, the European Central Bank, and other authorities are taking measures (e.g. undertaking economic reforms and imposing austerity measures on citizens) to address the current fiscal conditions, these measures may not have the desired effect and therefore the future stability and growth of Europe is uncertain. The performance and value of the Fund may be adversely affected should there be any adverse credit events (e.g. downgrade of the sovereign credit rating or default or bankruptcy of any Eurozone countries).

- **Sustainability risk:** The integration of sustainability risks in the investment decision process may have the effect of excluding profitable investments from the investment universe of the Fund and may also cause the Fund to sell investments that will continue to perform well. Appreciation of sustainability risk is to a degree subjective and there is no guarantee that all investments made by the Fund will reflect beliefs or values of any particular investor on sustainable investments. A sustainability risk could materialise as the occurrence of an environmental, social or governance event or condition causing material negative impact on the value of one or several investments and thus negatively affecting the returns of the Fund.
- **Counterparty risk:** The Fund may be exposed to the credit/default risks of its counterparties and the Fund/investors may be adversely impacted.
- **Class hedging risk:** The hedging strategy for a hedged share class may not work as intended, exposing investors of that share class to currency risk. Additionally, investors of a hedged share class may be exposed to fluctuations in the net asset value per share reflecting the gains/losses on and the associated transaction costs of the financial instruments used for hedging, and such investors may be adversely impacted.
- **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, 2014 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 (Mdis) USD increased or decreased in value during the calendar year being shown. Class A (Mdis) USD is the share class available in Hong Kong with the longest history in the Fund. Performance data has been calculated in USD, including ongoing charges and excluding subscription fee and redemption fee you might have to pay.*
- *Fund launch date: 29 August 2003*
- *Class A (Mdis) USD launch date: 29 August 2003*
- *Effective 25 February 2021, Bloomberg Barclays Multiverse Index was added as the benchmark of the Fund to adhere to European disclosure rules regarding the use of benchmark.*

Is there any guarantee?

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

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

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

	Class A	Class B	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)*	0.75%	0.75%	0.75%
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*	0.30%	0.75%	1.00%
Servicing charge	N/A	1.06%	N/A
Registrar and Transfer, Corporate, Domiciliary and Administrative Agent fee +	Up to 0.2175%	Up to 0.2175%	Up to 0.2175%
Additional fixed amount per Shareholder account at each Class level	Up to USD 30 per annum	Up to USD 30 per annum	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.