



## Product Key Facts

### Franklin Templeton Investment Funds - Templeton Emerging Markets Fund

Issuer: Franklin Templeton Investments (Asia) Limited

Last updated: April 2024

- 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):** Templeton Asset Management Ltd., Singapore (internal delegation) and Franklin Templeton Investment Management Limited, United Kingdom (internal delegation)

**Depository:** J.P. Morgan SE, Luxembourg Branch

**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 (Ydis) USD: 1.99%

Class A (acc) HKD: 1.99%

Class A (acc) USD: 1.99%

Class N (acc) USD: 2.49%

\*The ongoing charges figures are based on the semi-annual report for the period ended 31 December 2023. 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 Securities and Futures Commission ("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 Emerging Markets Fund (the "Fund") aims to increase the value of its investments over the medium to long term. The Fund invests primarily (that is, at least two-thirds of the Fund's net assets) in:

- equity securities issued by companies of any size located in, or doing significant business in, emerging markets

On a temporary basis and if justified by exceptionally unfavourable market conditions, the Fund may, in order to take measures to mitigate risks relative to such exceptional market conditions in the best interests of its shareholders, hold ancillary liquid assets (i.e. bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 100% of its net assets.

The Fund may also, in order to achieve its investment goals and for treasury purposes, invest in bank deposits, money market instruments or money market funds pursuant to the investment restrictions. For defensive purposes, the Fund may invest up to 100% of its net assets in these instruments on a temporary basis.

The Fund can invest on an ancillary basis in:



- debt securities issued by governments and corporations of any size located in, or doing significant business in, emerging markets
- equity or debt securities issued by companies whose performance relates to assets or currencies of emerging markets
- equity or debt securities issued by governments and companies of any size located in any country
- preferred stock, participatory notes and securities convertible into common stock
- China A-Shares (through Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, qualified foreign investor (QFI) portfolios, UCIs and any permissible means available to the Fund under prevailing laws and regulations) and China B-Shares (limited to 20% of the Fund's net assets in aggregate)
- units of Undertakings for Collective Investment in Transferable Securities ("UCITS") and other Undertakings for Collective Investment ("UCIs") (up to 10% of its net assets)

The investment team uses in-depth financial analysis to select individual securities that it believes will provide the best opportunities for increased value over the long term.

The Fund may further utilise financial derivative instruments for hedging and/or efficient portfolio management. These financial derivative instruments may be dealt in either on Regulated Markets or over-the-counter, and may include, inter alia, swaps, forwards and futures contracts (including those on equity indices) as well as options (including warrants).

The expected level of exposure that could be subject to securities lending transactions amounts to 5% of the Fund's net assets.

#### **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.**

- **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. There is no guarantee of the repayment of principal.
- **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.
- **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.
- **Frontier markets risk:** Investments in frontier markets involve risks similar to investments in emerging markets but to a greater extent since frontier markets are even smaller, less developed, and less accessible than other emerging markets. Frontier markets may also experience greater political and economic instability and may have less transparency, less ethical practices, and weaker corporate governance compared to other emerging markets. Such markets are also more likely to have investment

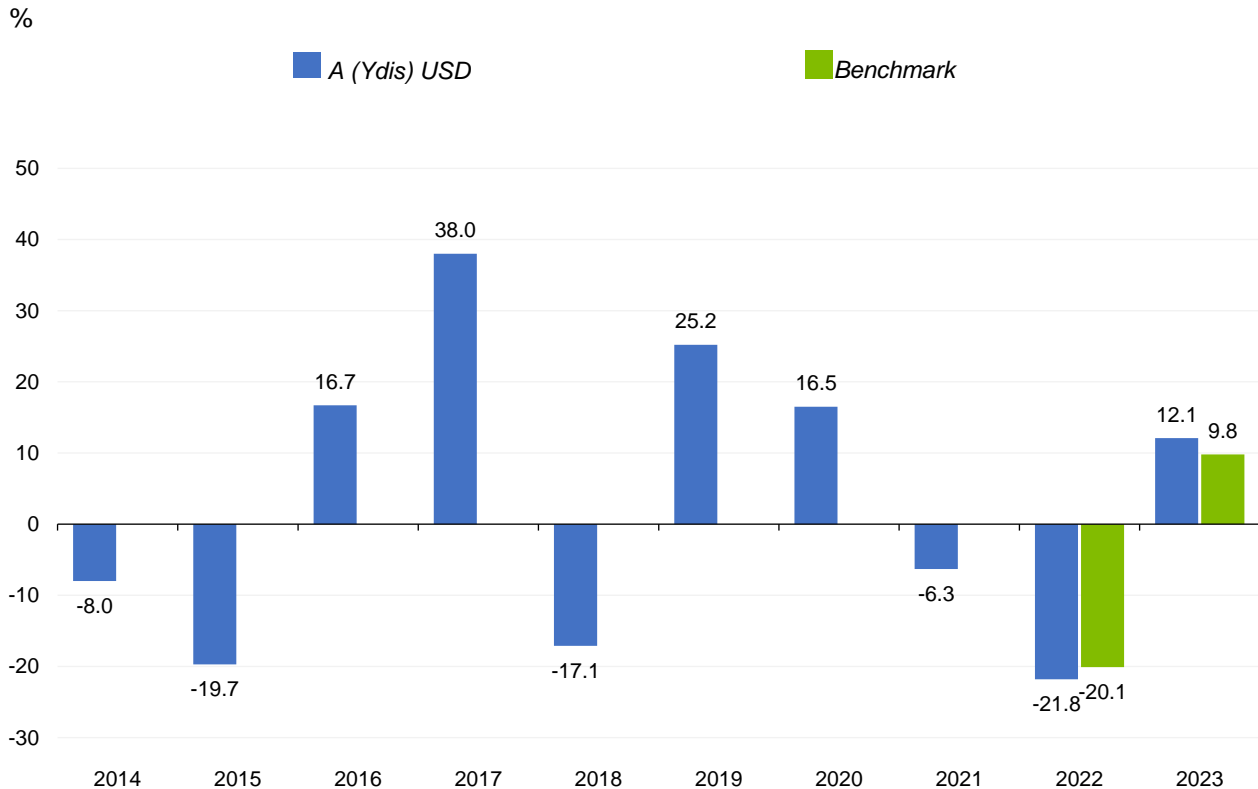
and repatriation restrictions, exchange controls and less developed custodial and settlement systems than other emerging markets. As a result, the Fund/investors may be adversely impacted.

- **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.
- **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.
- **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. 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.
- **Non-regulated markets risk:** Some markets that the Fund invests in do not qualify as regulated due to their economic, legal, or regulatory structure, exposing the Fund to greater regulatory risk compared to funds that invest only in regulated market(s). The Fund may be adversely affected as a result.
- **Counterparty risk:** The Fund may be exposed to risks arising from the solvency of its counterparties and the Fund/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.
- **Chinese market risk:** The Fund is subject to the risks of the Chinese market and the value of the Fund may be susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting the Chinese market. The value and performance of the Fund may be adversely affected as a result.
- **China QFI risk:** The Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect. The Fund may suffer substantial losses if the approval of the QFI status of the QFI holder of the Fund is being revoked/terminated or otherwise invalidated as the Fund may be prohibited from trading of relevant securities and repatriation of the Fund's monies, or if any of the key operators or parties (including QFI custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).
- **Chinese short swing profit rule risk:** Under PRC laws, rules and regulations, the "short swing profit rule" may require the Fund to give up or return any profits made from purchases and sales in respect of China Connect securities of a particular PRC listed company if (a) the Fund's shareholding in such PRC listed company exceeds the threshold prescribed by the relevant China Connect Authority from time to time and (b) the corresponding sale transaction occurs within the six months after a purchase

transaction, or vice versa. The Fund's assets may be frozen under PRC civil procedures to the extent of claims made by the PRC listed company. The inability to sell such assets and any obligations to return profits may adversely affect the performance of 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.
- **Participatory notes risk:** The Fund may use participatory notes to obtain exposure to an equity investment, including common stocks and warrants, in a local market where direct ownership is not allowed. By investing in participatory notes, the Fund may be exposed not only to movements in the value of the underlying equity, but also to the risk of counterparty default, which may in the event of counterparty default result in a substantial loss to the Fund.
- **Russian and Eastern European markets risk:** These markets involve special risks, including political, economic, legal, currency and taxation risks, plus risks related to the safekeeping of securities. The Fund may be adversely affected as a result.
- **Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect risk:** The relevant rules and regulations on Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are subject to change which may have potential retrospective effect. The Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, the Fund's ability to invest in China A shares or access the PRC market through the programme will be adversely affected. In such event, the Fund's ability to achieve its investment objective could be negatively affected.
- **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.
- **Warrants risk:** Warrants are more volatile than the securities to which the warrants are linked, exposing the Fund to greater risk. The Fund may be adversely affected as a result.
- **Derivative instruments risk:** Derivative instruments involve cost, may be volatile, and may involve a leverage effect. A small market movement may give rise to a proportionately larger impact, which may cause substantial loss to the Fund. Other risks include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. In adverse situations, the Fund's use of derivative instruments may become ineffective and the Fund may suffer significant losses.

### How has the Fund performed?



- *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 (Ydis) USD increased or decreased in value during the calendar year being shown. Class A (Ydis) 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: 28 February 1991*
- *Class A (Ydis) USD launch date: 28 February 1991*
- *Effective 25 February 2021, MSCI Emerging Markets 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.

Fee	What you pay	
	Class A	Class N
Subscription fee (Initial sales charge)	Up to 5.00% of the subscription amount	Up to 3.00% of the subscription amount
Switching fee (Switching charge)*	1.00% of the value of the shares being switched	N/A
Redemption fee (Redemption charge)	N/A	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 N
Management fee (annual management charge* <sup>^</sup> )	1.65%	2.15%
Depository fee	Up to 0.140%	Up to 0.140%
Performance fee	N/A	N/A
Administration fee	N/A	N/A
Servicing charge	N/A	N/A
Registrar and Transfer, Corporate, Domiciliary and Administrative Agent fee	Up to 0.2175%	Up to 0.2175%
Additional fixed amount per Shareholder account at each Class level	Up to USD 30 per annum	Up to USD 30 per annum

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

<sup>^</sup>The annual management charge as set out in the Explanatory Memorandum comprises the investment management fee and the maintenance charge, details of which are provided in the annual report of Franklin Templeton Investment Funds.

**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](http://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](http://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](http://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](http://www.franklintempleton.com.hk).*
- *The website mentioned above has not been reviewed by the 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.*