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**Product Key Facts**  
**Franklin Templeton Asia Fund Series -**  
**Templeton Select APAC Equity Income Fund**

*Issuer: Franklin Templeton Investments (Asia) Limited*

*Last updated: July 2022*

- **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**

**Manager:** Franklin Templeton Investments (Asia) Limited

**Trustee:** Cititrust Limited

**Base currency:** USD

**Financial year end of this Fund:** 31 December

**Ongoing charges over a year\*:**

Class A (Acc) USD: 1.90%

Class A (Mdis) USD: 1.90%

Class A (Mdis) HKD: 1.90%

Class A (Mdis) RMB-H1: 1.84%

\* The ongoing charges figures are only estimates as the Fund is newly set up. The actual figures may vary from year to year. They represent the estimated ongoing expenses over a 12-month period chargeable to the relevant classes expressed as a percentage of the estimated average net asset value of the relevant classes over the same period.

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

**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 unit.

**Minimum Investment:** USD 1,000 or equivalent [initial], USD 500 or equivalent [additional]

**What is this product?**

*This is a fund constituted in the form of a unit trust established by a trust deed governed by the laws of Hong Kong and is a sub-fund of Franklin Templeton Asia Fund Series.*

**Objective and Investment Strategy**

*The investment objective of Templeton Select APAC Equity Income Fund (the "Fund") is to achieve capital appreciation and income generation.*

*The Fund seeks to achieve its investment objective by investing principally (i.e. at least 70% of its net asset value) in a portfolio of above-market yielding stocks and mispriced quality stocks with higher capital appreciation potential which are listed and/or traded on Recognized Exchanges throughout the Asia Pacific (including Japan) region, including emerging markets. The Manager seeks to identify above-market yielding stocks by selecting companies that have a strong balance sheet, free cash flow and favorable payout policies to support higher dividends. For mispriced quality stocks, the Manager looks for companies with dominant market positions, high quality management and strong competitive advantages in growing industries that show potential to deliver sustainable growth but are mispriced relative to their intrinsic value.*



*Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may also, on an ancillary basis, seek investment opportunities in other types of securities, such as preferred stock, convertible securities, warrants, options and other securities (including share purchase rights and depositary receipts), which may be US dollar or non-US dollar denominated. There is no intention for the Fund to invest in fixed income securities.*

*Investment in equity-linked notes, together with other securities which are not listed, quoted or dealt on a regulated market is restricted to 15% of the net asset value of the Fund.*

*The Fund will not, in aggregate, directly and indirectly invest more than 10% of its net asset value in China A shares (through the Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect or other means) and B shares.*

*The Fund may use financial derivative instruments for hedging as well as for investment purposes. The financial derivative instruments that the Fund may use for investment purposes include (but are not limited to) warrants, futures, equity-linked notes and options (including the writing of call options).*

*Under exceptional circumstances (e.g. market crash or major crisis), the Fund may be invested temporarily up to 100% in liquid assets such as bank deposits, certificates of deposit, commercial paper and treasury bills for cash flow management. It is not the Manager's current intention for the Fund to enter into securities lending transactions, sale and repurchase transactions or reverse repurchase transactions.*

#### **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.**

- **General investment risk:** *The Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the fund may suffer losses. There is no guarantee of the repayment of principal.*
- **Foreign currency risk:** *The Fund may invest in securities that are denominated in currencies other than the base currency of the Fund, Units may be issued in a currency different from the Base Currency of the Fund, and the Fund's value may be adversely affected by changes in exchange rates between these currencies and the Base Currency of the Fund and the possibility of exchange control regulations.*
- **Equity risk:** *The Fund may invest in equity and equity related securities and its value may be affected by economic, political, market, investment sentiment and issuer specific changes. Such changes may adversely affect securities regardless of company specific performance which may in turn adversely affect the value of the Fund.*
- **Concentration risk:** *The Fund's investments focus on Asia Pacific, which may increase the concentration risk. Consequently, the Fund is particularly susceptible to the adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the region. The net asset value of the Fund may be more volatile than a diversified fund.*
- **Emerging markets risk:** *The Fund may invest in emerging markets, which are generally smaller and less liquid, with greater exposure to economic, political, and regulatory uncertainties, than developed markets. The risks of investments in emerging markets may include: investment and repatriation restrictions; the potential for higher market volatility; shallow and substantially less liquid securities markets; international and regional political and economic developments; possible imposition of exchange controls; settlement risks; custody risks or other local governmental laws or restrictions. Investments in emerging markets may be considered speculative, and may lead to significant losses to the Fund.*
- **Market risk:** *This is a general risk which affects all types of investment. Price trends are determined mainly by financial market trends and by the economic development of the issuers, who are themselves affected by the overall situation of the global economy and by the economic and political conditions prevailing in each country. Because the securities the Fund holds fluctuate in price, the value of your investment in the Fund will go up and down. You may not get back the amount you invested.*



- **Currency hedged class risk:** *The Manager will be employing currency hedging strategies to reduce exchange rate fluctuations between the currency of the hedged Classes and the Base Currency of the Fund. Financial derivative instruments may be used by the hedged Classes of the Fund as part of such hedging strategy and the Fund may therefore be subject to the risks relating to such instruments. Factors that could adversely impact the ability of the Manager to achieve the hedging objective include transaction costs associated with implementing the hedging strategies and differences in notional amounts employed and the actual value of the position in the Fund being hedged. The precise hedging strategy may vary, and there is no guarantee that the hedging will be effective and investors of such hedged Classes may still be subject to the currency exchange risk on an unhedged basis. If the counterparties of the instruments default, investors in the hedged Classes may be exposed to currency risk on an unhedged basis and may therefore suffer further losses. In addition, the cost of hedging transactions will be borne by the hedged Classes. Hedged Classes will hedge the Base Currency of the Fund back to the Class Currency, on a best efforts basis, with an objective to align the performance of the hedged Classes to that of the equivalent Class denominated in the Base Currency of the Fund. This strategy may limit Unitholders of the relevant hedged Class from benefiting from any potential gain resulting from the appreciation of the Base Currency against the Class Currency.*
- **Renminbi currency risks:** *The RMB exchange rate is not pegged to the US dollar. RMB has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. RMB exchange rate is also subject to exchange control policies. The exchange rate between RMB and other currencies may be susceptible to movements based on external factors and as a result investments in Classes denominated in RMB may be adversely affected by the fluctuations in the exchange rate between RMB and other foreign currencies even though underlying investments increase in value. RMB is currently not a freely convertible currency. The supply of RMB and the conversion of foreign currency into RMB are subject to foreign exchange control policies of and restrictions imposed by the Mainland authorities, and as such currency conversion is subject to the availability of RMB at the relevant time. There is a risk that payment of redemption monies and/or dividends in RMB may be delayed when there is not sufficient amount of RMB for currency conversion for settlement of the redemption monies and distributions in a timely manner. In any event, redemption monies will be paid within one calendar month upon receipt of all properly completed documentation. The RMB Class available in the Fund is valued with reference to offshore RMB (CNH) rather than onshore (CNY). RMB convertibility from CNH to CNY is a managed currency process. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. CNH does not necessarily have the same exchange rate, may have wider bid-offer spreads, and may not move in the same direction as compared to CNY due to a number of factors including, without limitation, foreign exchange control policies and repatriation restrictions. The fluctuation in the CNH/CNY exchange rate may impact the value of the RMB class. There can be no assurance that RMB will not be subject to devaluation, which may adversely affect the value of investors' investments in the RMB Class. Investors of the RMB Class may have to convert HK dollar or other currency(ies) into RMB when investing in Classes denominated in RMB and subsequently convert the RMB redemption proceeds and/or dividend payment (if any) back to HK dollar or such other currency(ies). Investors will incur currency conversion costs and you may suffer losses depending on the exchange rate movements of RMB relative to HK dollar or such other currency(ies).*
- **Derivative risk:** *The Fund may have exposure to derivatives for investment or hedging purposes, which may expose the Fund to higher counterparty, liquidity and market risks. There is no guarantee that the Fund's use of derivatives for hedging or investment purposes will be effective. Derivatives are subject to transaction costs and typically involve making a small investment relative to the market exposure assumed, creating a leverage effect that may result in higher volatility or, in adverse market conditions, a significant loss in the Fund's assets within a short period of time. The leverage element/component of derivatives can result in a loss significantly greater than the amount invested in the derivatives by the Fund.*
- **Value stock risk:** *The Fund may select stocks using a bottom-up, long-term, value-oriented approach. To the extent that markets fail to recognise their expected value, investment may underperform other stock selection approaches.*



- **Liquidity risk:** *The Fund may not be able to easily sell securities due to adverse market conditions or the reduced 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.*
- **Convertible securities risk:** *A convertible security is generally a debt obligation, preferred stock or other security that pays interest or dividends and may be converted by the holder within a specified period of time into common stock. The value of convertible securities may rise and fall with the market value of the underlying stock or, like a debt security, vary with changes in interest rates and the credit quality of the issuer. A convertible security tends to perform more like a stock when the underlying stock price is high relative to the conversion price (because more of the security's value resides in the option to convert) and more like a debt security when the underlying stock price is low relative to the conversion price (because the option to convert is less valuable). Because its value can be influenced by many different factors, a convertible security is not as sensitive to interest rate changes as a similar non-convertible debt security, and generally has less potential for gain or loss than the underlying stock, which may have an adverse impact on the performance of the Fund. Investments in convertible securities are subject to the same prepayment risk associated with comparable straight bond investments.*
- **Depository receipts risk:** *Depository receipts do not eliminate currency and economic risks for underlying shares of a company operating in another country. In addition to the risks linked to their underlying security, depository receipts bear price risk and counterparty risk: The price of a depository receipts may not perfectly track the price of its underlying common share and may trade at a premium or a discount. Holders of depository receipts, including the Fund may face administrative difficulties in recovering the value of their holding in case of default of payment on the part of the issuer or depository bank or underlying security of a depository receipt. Holders of depository receipts are not direct shareholders of the underlying company and generally do not have voting and other shareholder rights.*
- **Share purchase rights risk:** *Share purchase rights refer to offers to existing shareholders of a company to buy additional shares in proportion to the number of shares already owned at a price that may be lower than the market price. Share purchase rights are issued usually when a company has significant amount of debt and/or needs to raise additional capital. Investors of share purchase rights can leave the rights to expire or trade if they do not want to increase the investment. The price volatility of the rights before the exercise may be higher than the underlying security. Share purchase rights may be beneficial to the Fund when purchased at lower than the market price, but at the same time, may lead to lower stock price as the additional shares may dilute the outstanding shares and lower the company's earnings per share.*
- **Dividend policy risk:** *The Fund's dividend policy may allow for payment of dividends 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 Unit. Unitholders should accordingly note that dividend payout from the Fund may not be equivalent to the yield of your investment in the Fund. Further, the distribution amount and the net asset value of the hedged Classes may be adversely affected by differences in the interest rates of the reference currency of the hedged Classes and the Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged Classes.*



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**How has the Fund performed?**

- *As the Fund has been launched for less than a full calendar year, there is insufficient data to provide a useful indication of past performance to investors.*
- *Fund launch date: 13 August 2021.*

**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 units of the Fund.

Fee	What you pay
	<b>Class A</b>
<b>Subscription fee (Initial sales charge)</b>	<b>Up to 5.00% of the amount to be invested</b>
<b>Switching fee (Switching charge)</b>	<b>Up to 1.00% of the value of the units being switched</b>
<b>Redemption fee (Redemption charge)</b>	<b>N/A</b>

### 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.

	<b>Annual rate (as a % of the Fund's net asset value)</b>
	<b>Class A**</b>
<b>Management fee*</b>	<b>1.00%</b>
<b>Trustee fee</b>	<b>Up to 0.04%</b>
<b>Performance fee</b>	<b>N/A</b>
<b>Administration fee</b>	<b>Up to 0.20%</b>
<b>Maintenance charge</b>	<b>0.50%</b>
<b>Registrar and Transfer Agent fee</b>	<b>Up to 0.04%</b>

\*The current fees may be increased up to the maximum levels permitted by the constitutive document of the Fund by giving at least one month's prior notice to unitholders.

\*\*The aggregate fees to the Manager for the provision of investment management and investor liaison services comprise of the Management Fee and the Maintenance Charge.

### Other fees

You may have to pay other fees when dealing in the units of the Fund.

## Additional Information

- You generally buy and redeem units at the Fund's next determined net asset value after the Registrar, Franklin Templeton Investments (Asia) Limited, receives your request in good order at or before 4:00 p.m. Hong Kong time for instructions submitted in person, via facsimile or by post and 4:00 p.m. New York (Eastern time) in the United States for instructions submitted via electronic means (SWIFT and Direct Electronic Link with the Registrar), on each "dealing day" (i.e. any business day which is also a "valuation day"). Certain intermediaries may impose an earlier dealing cut-off time.
- The net asset value of the Fund is calculated on each "valuation day" and the price of units is published on each "dealing day" on the Manager's website at [www.franklintempleton.com.hk](http://www.franklintempleton.com.hk).
- The compositions of the distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) (if any) for the preceding 12 months (or if the Fund was launched less than 12 months ago, since its inception) for the Fund are available from the Manager and on the Manager's website.
- Investors may obtain the past performance information of other unit classes offered to Hong Kong investors from the Manager's website at [www.franklintempleton.com.hk](http://www.franklintempleton.com.hk).



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- *Investors may obtain information on the intermediaries by calling the Manager at (852) 2877-7733 or visiting the Manager's website.*
- *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.*