



**FRANKLIN  
TEMPLETON**

**Product Key Facts**  
**Franklin Templeton Investment Funds -**  
**Franklin Global 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**

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

**Investment manager:** Franklin Advisers, Inc., United States of America (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 (Mdis) HKD: 1.60%

Class A (Mdis) USD: 1.60%

Class A (acc) USD: 1.60%

\*The ongoing charges figures are based on the semi-annual report for the period ended 31 December 2021. 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**

*Franklin Global Income Fund (the "Fund") aims to maximise income while maintaining prospects for capital appreciation.*

*The Fund invests principally (that is, at least two-thirds of the Fund's net assets) in a diversified portfolio of debt and listed equity securities worldwide, including those in emerging markets. The Fund's expected investments in each of the debt and listed equities securities are up to 70% of its net assets. The Fund may shift its investments from one asset class to another based on the Investment Manager's analysis of the best opportunities in a given market or sector taking into account both bottom-up fundamental security analysis and top-down considerations such as interest rates, inflation, commodity prices, credit cycle and other macro-economic factors. The Investment Manager performs independent analysis in search of undervalued or out-of-favour securities it believes offer opportunities for income today and significant growth tomorrow. The Fund seeks income by selecting investments such as corporate, US Treasury and non-US government bonds, stocks with attractive dividend yields, as well as structured notes linked to individual securities or indexes. When investing in equity securities, the Investment Manager generally focuses on dividend paying stocks and equity linked notes that are structured to receive periodic coupons, both of which contribute to the Fund's income generation goal.*



*Equity securities generally entitle the holder to participate in a company's general operating results. In its search for growth opportunities, the Fund invests in common stocks of companies from a variety of industries such as utilities, oil, gas, real estate and consumer goods, but from time to time, based on economic conditions, the Fund may have significant investments in particular sectors. Equity securities also include preferred stocks, REITs, equity-linked notes and equity securities resulting from the conversion of debt securities.*

*Debt securities represent an obligation of the issuer to repay a loan of money, and generally provide for the payment of interest. These include long and short-term, fixed and floating rate debt securities, secured and unsecured bonds, mortgage and other asset-backed securities, bonds convertible into common stock, notes and debentures. Mortgage and other asset-backed securities (including collateralised mortgage obligations as well as residential and commercial mortgage-backed securities) are limited to 10% of the Fund's net assets.*

*The Fund may invest up to 100% of its net assets in below investment grade<sup>^</sup> debt securities (also known as "junk bonds").*

*The Fund's expected investment in structured notes linked to individual securities or indexes is below 30% of its net assets.*

*The Fund may also invest up to 20% of its net assets in distressed debt securities (i.e. (i) which are rated CCC or below by at least two internationally recognized credit rating agencies, or if unrated\* their equivalent, i.e. securities which are determined to be of comparable quality by the Investment Manager, and (ii) with a credit spread above 1,000 bps). For the purpose of the Fund's investment policy, distressed securities should be construed as (i) including defaulting debt securities and (ii) securities of companies that are, or are about to be, involved in reorganisations, financial restructurings, or bankruptcy. Investments in defaulted debt securities would not exceed 10% of the Fund's net assets.*

*The Fund may invest in debt instruments with loss-absorption features ("LAP") e.g. contingent convertible debt 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 financial derivative instruments for hedging, efficient portfolio management and investment purposes. These financial derivative instruments could include but are not limited to swaps (such as total return swaps on fixed income, equity and equity-related securities and indices of the same, credit default swaps and interest rate swaps), forwards, futures contracts as well as options. In this context, the Fund may seek exposure to, inter alia, commodities, financial indices and other eligible instruments through the use of financial derivative instruments, cash-settled structured products (including participatory notes) or fixed income securities where the security is linked to or derives its value from another reference asset. Structured products such as participatory notes may embed derivatives or have features similar to those of a financial derivative instrument. Where this is the case they will be treated as financial derivative instruments.*

*The Fund may also invest up to 10% of its net assets in units of UCITS and other UCIs (including ETFs).*

*The Fund is not intended to invest more than 10% of its net assets in debt securities issued and/or guaranteed by a single sovereign issuer which is below investment grade<sup>^</sup>.*

*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.*

*The Investment Manager may take a temporary defensive position when it believes the markets or the economy are experiencing excessive volatility, a prolonged general decline or when other adverse conditions may exist. Under these circumstances, the Fund may be unable to pursue its investment objective. 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 such as bank deposits, certificates of deposit, commercial paper and treasury bills, with due regard to the principle of risk spreading.*

<sup>^</sup>"Below investment grade" is defined as a credit rating below Baa3 as rated by Moody's, below BBB- as rated by Standard & Poor's, below BBB- as rated by Fitch or an equivalent rating as rated by other internationally recognized rating agencies.

\*For the purpose of the Fund, "unrated" refers to where neither the instrument itself nor its issuer has a credit rating.



## 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 as disclosed and therefore your investment in the Fund may suffer losses. There is no guarantee of the repayment of principal.*
- **Asset allocation risk:** *The investments of the Fund may be periodically rebalanced and therefore the Fund may incur greater transaction costs than a fund with static allocation strategy.*
- **Foreign currency risk:** *Underlying investments of the Fund may be denominated in currencies other than the base currency of the Fund. Also, a class of shares may be designated in a currency other than the base currency of the Fund. The net asset value of the Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.*
- **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.*
- **Risks associated with debt securities**
  - Credit risk: *The Fund is exposed to the credit/default risk of issuers of the debt securities that the Fund may invest in.*
  - Downgrading risk: *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. Debt securities being downgraded in the midst of high market volatility, may experience reduced liquidity which could lead to a decrease in readily available market value, and the Investment Manager may or may not be able to dispose of the debt instruments being downgraded.*
  - Interest rate risk: *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.*
  - Risk associated with debt securities rated below investment grade or unrated: *The Fund may invest in debt securities rated below 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.*
  - Sovereign debt risk: *The Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the fund to participate in restructuring such debts. The fund may suffer significant losses when there is a default of sovereign debt issuers.*
  - Credit rating risk: *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.*
  - Defaulted debt securities risk: *The Fund may invest in debt securities on which the issuer is not currently making interest payments (defaulted debt securities). Such securities may not be able to make principal payments and may decrease in value and/or become illiquid.*
- **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.

- **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.
- **Counterparty risk:** The Fund may be exposed to risks arising from the solvency of its counterparties and the Fund/investors may be adversely impacted.
- **Concentration risk:** From time to time, based on economic conditions, the Fund may have significant investments in particular sectors. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- **Distressed securities risk:** Investment in securities issued by a company that is in financial difficulty or in default involves significant risk of capital loss. There is no guarantee that any exchange offer or reorganisation will be successfully completed. As a result, investors may get back less than their original investment.
- **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.
- **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.
- **Emerging markets risk:** The Fund may invest in emerging markets, which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as 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.
- **Real assets risk:** Real estate securities, including real estate investment trusts (REITs) may fluctuate in value depending on rental income received and underlying property value. The value and performance of the Fund may be adversely affected as a result. The REITs that the Fund may invest in or be exposed to may not necessarily be authorised by the SFC under the Code on Real Estate Investment Trusts. An investment in a fund that invests in REITs extensively or on an ancillary basis is not equivalent to an investment in a REIT. In addition, the dividend policy of a fund which invests in or is exposed to REITs may be not representative of the dividend/payout policy of the underlying REITs.
- **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 as the secondary market may not exist, 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



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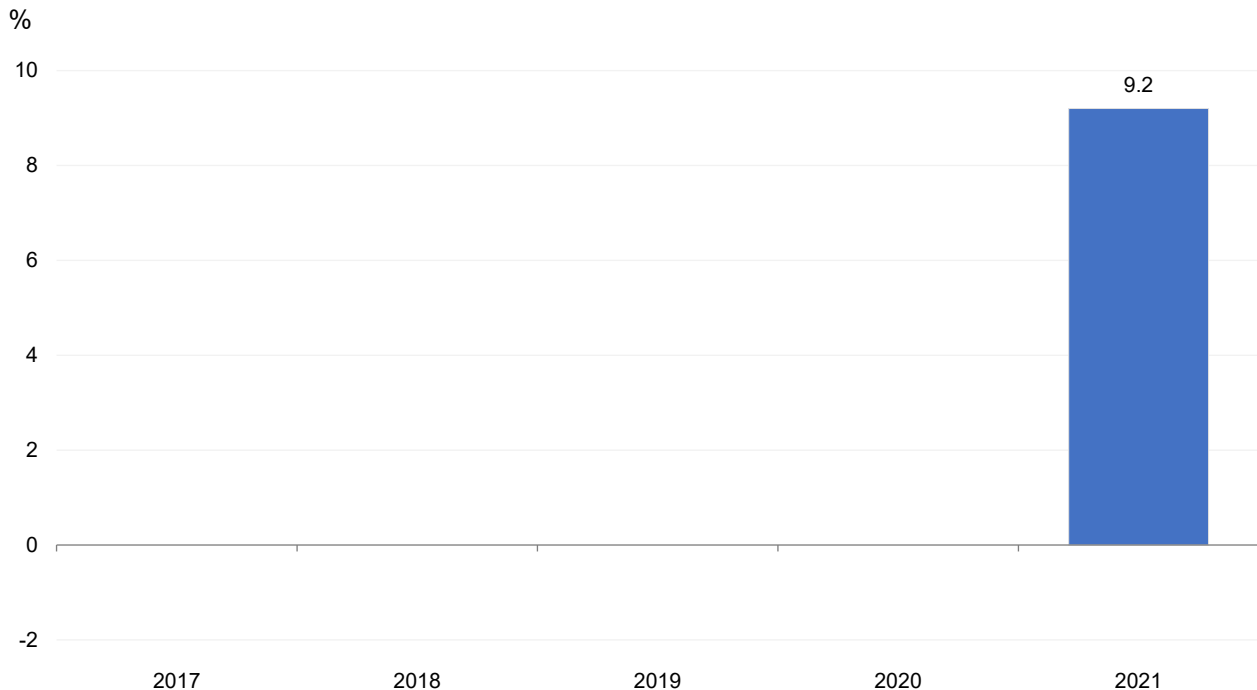
*to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments. In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset 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.*

- **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.*
- **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.*



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#### 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 (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.
- Where no past performance is shown, there was insufficient data available in that year to provide performance.
- Fund launch date: 18 June 2020
- Class A (acc) USD launch date: 18 June 2020
- Effective 25 February 2021, blended 50% MSCI ACWI High Dividend Yield-NR + 20% Bloomberg Global High Yield Corporate (formerly known as Bloomberg Barclays Global High Yield Corporate) + 30% Bloomberg Global Aggregate Index (formerly known as Bloomberg Barclays Global Aggregate 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.*





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#### 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.

<b>Fee</b>	<b>What you pay</b>
	<b>Class A</b>
<b>Subscription fee (Initial sales charge)</b>	<b>Up to 5.00% of the subscription amount</b>
<b>Switching fee (Switching charge)*</b>	<b>1.00% of the value of the shares 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 (annual management charge*^)</b>	<b>1.35%</b>
<b>Depository fee</b>	<b>Up to 0.140%</b>
<b>Performance fee</b>	<b>N/A</b>
<b>Administration fee</b>	<b>N/A</b>
<b>Servicing charge</b>	<b>N/A</b>
<b>Registrar and Transfer, Corporate, Domiciliary and Administrative Agent fee</b>	<b>Up to 0.2175%</b>
<b>Additional fixed amount per Shareholder account at each Class level</b>	<b>Up to USD 30 per annum</b>

\*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 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.*