



## Product Key Facts

### Franklin Templeton Investment Funds - Franklin U.S. Government 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(s):** 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: 1.26%

Class A (Mdis) USD: 1.27%

Class A (acc) HKD: 1.27%

Class B (Mdis) USD: 2.52%

Class N (Mdis) USD: 1.97%

Class N (acc) USD: 1.97%

\*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 U.S. Government Fund (the "Fund") aims to earn income.*

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

- *debt securities issued or guaranteed by the U.S. government and its agencies, including mortgage-backed securities and asset-backed securities*
- *fixed income securities (at least 75% of the Fund's net assets)*

*The Fund may invest 100% of its assets in transferable securities and Money Market Instruments issued or guaranteed by the US government, its agencies and related entities, in accordance with the applicable risk diversification requirements, including but not limited to, the United States Treasury, the U.S. Federal Reserve, the Government National Mortgage Association (GNMA), and up to 20% in both the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (FNMA).*



*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 use financial derivative instruments for the purpose of efficient portfolio management and interest rate hedging. Such financial derivative instruments may include, inter alia, swaps, forwards and futures contracts (including, but not limited to, futures on interest rates).*

*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.*
- **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. Debt securities are subject to prepayment risk when the issuer can "call" the security, or repay principal, in whole or in part, prior to the security's maturity. When the Fund reinvests the prepayments of principal it receives, it may receive a rate of interest that is lower than the rate on the existing security, potentially lowering the Fund's income, yield and its distributions to shareholders. Securities subject to prepayment may offer less potential for gains during a declining interest rate environment and have greater price volatility. Prepayment risk is greater in periods of falling interest rates.*
- **Credit risk:** *This Fund invests only in obligations backed by the U.S. Government. 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.*
- **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.*
- **Concentration risk:** *The Fund's investments are concentrated in a single country. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments and may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting the country in which it invests.*
- **Foreign currency risk:** *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.*

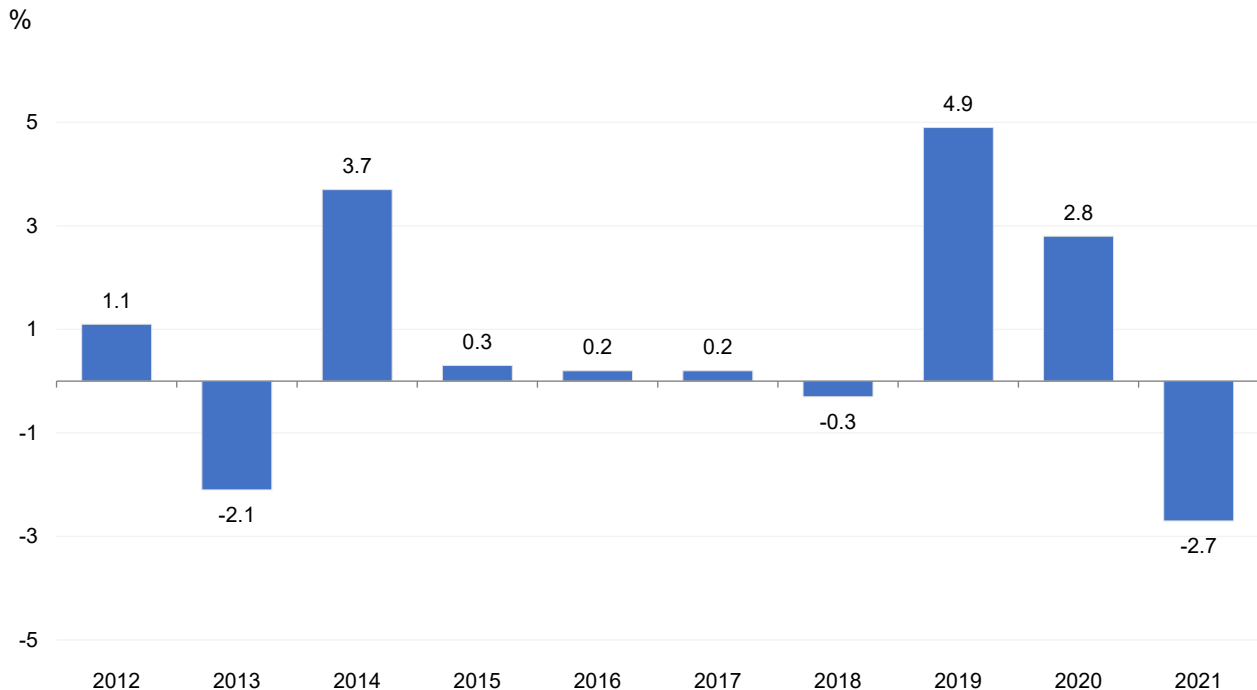


- **Dividend policy risk:** *The Fund's dividend policy allows for payment of dividends out of capital or effectively out of capital. Where this is done, it amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. 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.*
- **Counterparty risk:** *The Fund may be exposed to the credit/default risks of its counterparties and the Fund/investors may be adversely impacted.*
- **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.*
- **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.*
- **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.*



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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 (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: 28 February 1991
- Class A (Mdis) USD launch date: 28 February 1991
- Effective 25 February 2021, Bloomberg US Government - Intermediate Index (formerly known as Bloomberg Barclays US Government - Intermediate 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.

Fee	What you pay		
	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 (annual management charge* <sup>^</sup> )	0.95%	1.15%	1.65%
Depository 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
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.

<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.



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- *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.*