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**Product Key Facts**  
**Franklin Templeton Investment Funds -**  
**Templeton Global Climate Change 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 Templeton Investment Management Limited, United Kingdom (internal delegation)

**Sub-manager(s):** Franklin Templeton Investments Corp, Canada (internal delegation) and Templeton Global Advisors Limited, The Bahamas (internal delegation)

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

**Base currency:** EUR

**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) EUR: 1.82%

Class A (acc) USD-H1: 1.85%

**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.

\*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.

**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 Climate Change Fund (the "Fund") aims to contribute towards climate change mitigation and adaptation as considered by the Paris Climate Agreement while seeking capital appreciation.

The Fund invests primarily (that is, at least two-thirds of the Fund's net assets) in equity securities of global companies that provide solutions for mitigation and/or adaptation of climate change risk or which are in the process of making their business models more resilient to long-term risks presented by climate change and resource depletion. Such companies are, in our view, better prepared financially and competitively for a transition to a low carbon and more resource constrained economy. The Investment Manager uses in-depth analysis to select equity securities which it believes are undervalued, based on such factors as their expected long-term earnings and the value of the business assets.

The Fund aims to achieve its climate change mitigation and adaptation objective by investing in companies that reduce emissions, improve resource efficiency and limit the physical consequences of climate change so as to align the Fund's portfolio carbon footprint



with the landmark Paris Climate Agreement adopted in December 2015. Companies that may benefit financially and competitively from the transition to a global low-carbon economy can be grouped into three broad categories:

- *Solution providers: (>50% of the Fund's net assets) companies that derive more than 50% of revenues (or alternative metric such as assets) from products and services that directly or indirectly reduce global emissions, improve resource efficiency, and/or protect against the physical consequences of climate change. The solutions activities are generally associated with one of the following themes: Renewable Energy, Energy Efficiency, Water & Waste Management, Sustainable Transportation, and Sustainable Forestry & Agriculture. Factors driving security selection include the Investment Manager's percent of revenues and profits from solutions, a company's net impact on greenhouse gas emissions and resource usage and its governance of the opportunities arising from the low carbon transition.*
- *Transitioning companies: (<50% of the Fund's net assets) companies that have moderate to high emissions or resource intensity which are making industry-leading efforts to reduce them. Such companies will have below average projected carbon intensity as a result of historical greenhouse gas emissions reductions and quantitative reduction targets, or they will have above average projected solutions revenue. Factors driving security selection include the Investment Manager's view on a company's ability to achieve carbon and resource intensity aligned with the long-term global warming targets of the Paris Climate Agreement, greenhouse gas emissions disclosure quality, exposure to climate mitigation and adaptation solutions and the company's governance of the risks and opportunities arising from the low carbon transition.*
- *Resilient companies: (<50% of the Fund's net assets) companies that have relatively low carbon and resource intensity. Such companies will have carbon or resource intensity in the bottom half of the broad global investment universe. Factors driving security selection are the same as Transitioning companies.*

*To measure the attainment of the Fund's sustainable investment objective, the Fund will measure exposure to climate mitigation and adaptation solutions providers, the portion of the portfolio with an increase in solutions revenues and that report carbon avoided, renewable energy generation, the percent of companies with quantitative greenhouse gas emissions reduction targets and the weighted average reduction target, portfolio carbon footprint trajectory, exposure to fossil fuels, exposure to companies with high carbon emission product & operations, and the portion of the portfolio with an improving carbon footprint.*

*The Fund seeks to invest in companies that are good stewards of their impact on social and environmental development. Environmental, social and governance (ESG) issues are considered alongside traditional financial measures to identify responsible and effective stewards of capital and provide a more comprehensive view of the longer-term value, risk and sustainable return potential of an investment. The internal ESG assessment framework applied to all companies is aided by multiple external ESG research and data providers, including Carbon Disclosure Project (CDP), MSCI and Sustainalytics. ESG issues evaluated will include elements such as 1) Environmental - how a company manages its impact on the environment (energy use, climate change, waste, pollution, natural resource conservation), 2) Social - how a company manages relationships with its employees, suppliers, customers and the communities where it operates (human rights, labour standards, employee engagement, community relations, data protection and privacy, gender and diversity) and 3) Governance - how a company's oversight is structured to ensure responsible and effective management (company's leadership, degree of independent directors, executive pay, independent audits and internal controls, shareholder rights). The Investment Manager's ESG approach also includes regular dialogue with companies, monitoring material ESG issues and voting proxies.*

*The Fund will not invest in fossil fuel producers, producers of controversial weapons (i.e., anti-personnel mines, nuclear weaponry, biological & chemical weaponry and cluster munitions) and companies that generate 5% or more of their revenues from tobacco, conventional weapons or nuclear power generation. The Fund will not invest in companies that violate the United Nations Global Compact Principles, international norms on human rights, labour rights, environment standards and anti-corruption statutes, according to the Investment Manager's analysis.*

*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 invest on an ancillary basis in:*



- preferred stock, securities convertible into common stock and fixed income securities
- time deposits, cash and money market instruments
- units of other mutual funds and exchange traded funds (ETFs) (limited to 10% of the Fund's net assets)
- financial derivative instruments for hedging and efficient portfolio management purposes. These derivatives may include, inter alia, swaps, currency forwards, futures contracts (including futures based on equity, equity index, interest rate and currency), equity and equity index options, equity linked notes, as well as options (including covered calls and warrants)

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

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.

For further information about the Fund as required under the "Circular to management companies of SFC-authorized unit trusts and mutual funds - ESG funds" issued by the SFC on 29 June 2021, please refer to [https://www.franklintempleton.com.hk/en-hk/our-funds/price-and-performance/mutual-funds/products/1339/A/templeton-global-climate-change-fund/\\*](https://www.franklintempleton.com.hk/en-hk/our-funds/price-and-performance/mutual-funds/products/1339/A/templeton-global-climate-change-fund/*).

\*The website has not been reviewed by the SFC.

## 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.**

- **Environmental, Social and Governance Investment risk:** Risks associated with the Fund's ESG investment theme include (i) lack of standardized taxonomy, where there is a risk that the Investment Manager may not apply the relevant ESG criteria correctly or that a Fund may have indirect exposure to issuers who do not meet the relevant ESG criteria used by the Fund; (ii) subjective judgment in investment selection, where there is no guarantee that all investments made by the Fund will reflect the beliefs or values of any particular investor and the relevant excluded sectors might not correspond directly with investors' own subjective ethical views, (iii) reliance on third party providers, where in evaluating a security or issuer based on ESG criteria, the Investment Manager is dependent upon information and data from third party ESG providers, which may be incomplete, inaccurate or unavailable, and (iv) concentration in investments with ESG focus, where the Fund may over-weigh / under-weigh certain sectors and perform differently than funds that have similar objectives but do not integrate ESG criteria when selecting securities.
- **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.
- **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.
- **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.

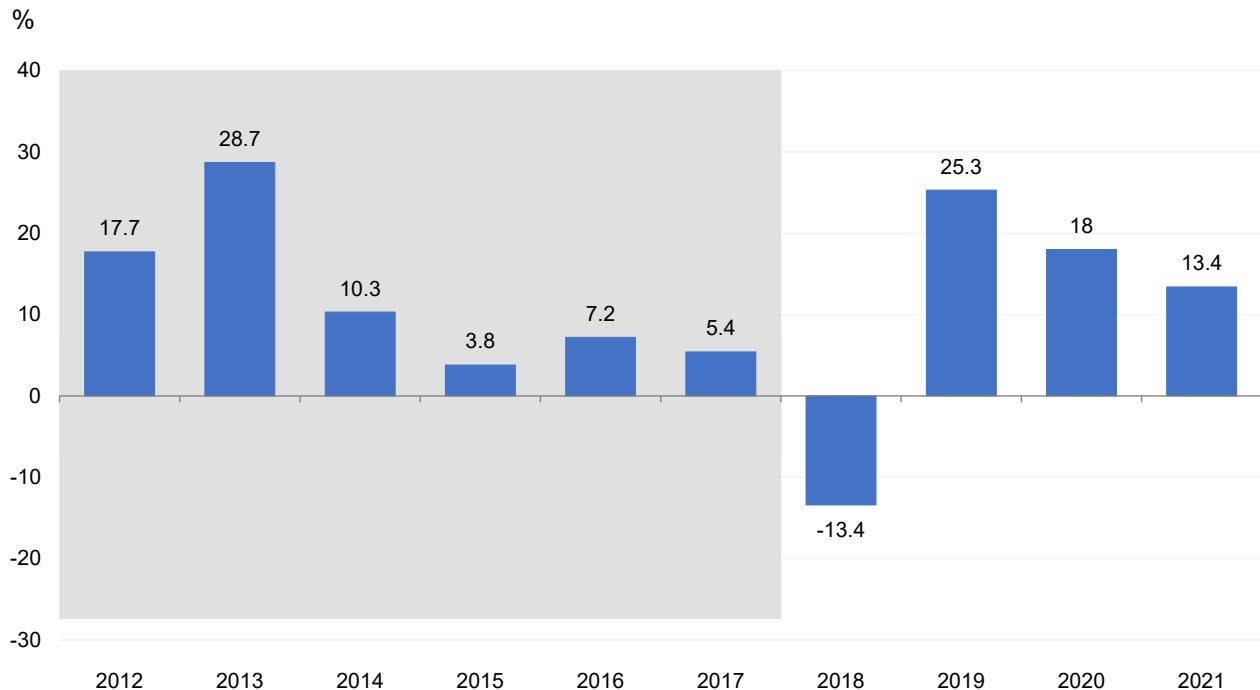
- **Europe and Eurozone risk:** The Fund may invest in the Eurozone. Mounting sovereign debt burdens (e.g. any sovereigns within the Eurozone, which default on their debts, may be forced to restructure their debts and faced difficulties in obtaining credit or refinancing) and slowing economic growth 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).
- **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.
- **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.
- **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.
- **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.
- **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.
- **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.



- **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.*
- **Counterparty risk:** *The Fund may be exposed to risks arising from the solvency of its counterparties and the Fund/investors may be adversely impacted.*
- **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.*
- **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. The distribution amount and net asset value of a hedged share class may be adversely affected by differences in the interest rates of the reference currency of the hedged share class 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 share classes.*



## 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 2013, 2017 and 2018.

- *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) EUR increased or decreased in value during the calendar year being shown. Performance data has been calculated in EUR, including ongoing charges and excluding subscription fee and redemption fee you might have to pay.*
- *Fund launch date: 26 April 1991*
- *Class A (Ydis) EUR launch date: 26 April 1991*
- *Effective 25 February 2021, MSCI All Country World index (used for performance comparison purposes - neither used as a constraint on how the Fund's portfolio is to be constructed nor set as a target for the Fund's performance to beat) and MSCI Provisional ACWI Climate Change EU Climate Transition Index (used to measure the sustainable investment objective of the Fund) were added as the benchmarks of the Fund to adhere to European disclosure rules regarding the use of benchmark.*
- *Effective 28 May 2021, the benchmarks of the Fund were changed to MSCI All Country World index (used for performance comparison purposes - neither used as a constraint on how the Fund's portfolio is to be constructed nor set as a target for the Fund's performance to beat) and MSCI ACWI Climate Change Index (used to measure the sustainable investment objective of the Fund), as MSCI Provisional ACWI Climate Change EU Climate Transition Index was decommissioned.*

## 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>1.50%</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 class(es) 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.*