



**FRANKLIN  
TEMPLETON**

**Product Key Facts**  
**Franklin Templeton Investment Funds -**  
**Franklin NextStep Dynamic Growth 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 Investments (Asia) Limited, Hong Kong (internal delegation)

**Sub-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<sup>#</sup>:**

Class A (Mdis) HKD: 2.03%

Class A (Mdis) SGD-H1: 2.03%

Class A (Mdis) USD: 2.03%

Class A (acc) HKD: 2.03%

Class A (acc) SGD-H1: 2.03%

Class A (acc) USD: 2.03%

<sup>#</sup>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**

*The principal investment objective of the Franklin NextStep Dynamic Growth Fund (the "Fund") is to seek the highest level of long-term total return. Total return includes capital growth and income.*

*The Fund seeks to achieve its objective by investing principally (that is, at least two-thirds and less than 100% of the Fund's net assets shall be invested in collective investment schemes) in units of Undertakings for Collective Investment in Transferable Securities ("UCITS") and other open and closed-end Undertakings for Collective Investment ("UCIs") (including exchange traded funds), managed by Franklin Templeton entities as well as other asset managers ("Underlying Funds"), providing exposure to equity securities of any market capitalisation (including smaller and mid-sized companies) as well as fixed or floating-rate debt securities (including investment grade, non-investment grade or unrated debt securities issued or guaranteed by governments and corporations, provided that the Fund*



will not invest more than 10% of its assets in securities issued or guaranteed by any single government or government-related issuer with a credit rating below investment grade at the time of purchase) of issuers located anywhere in the world, including Asia, Europe, the US and emerging markets, with typically between 25% to 50% of them located or having their principal business activities in the Asia region. The Investment Managers do not intend to invest more than 10% of the Fund's net assets in non-UCITS UCIs. The Fund may use financial derivative instruments for foreign exchange hedging purposes only.

Other than as specified above, the Fund invests with no prescribed regional, country, industry sector or market capitalisation limits for investment by its Underlying Funds. The Fund will seek to maintain an asset allocation exposure generally in the range of 60% to 80% for equities (including global equities, Asian equities, emerging market equities, European equities and US equities) and equity-related securities globally, 20% to 40% for fixed or floating rate debt securities (including global fixed income securities and Asian fixed income securities), and 0% to 10% for alternative strategies including REITs. These asset allocations may move out of these ranges from time to time based on market conditions and the Investment Managers' strategic and tactical asset allocation views.

The Fund may invest in Underlying Funds that are authorised by the Securities and Futures Commission of Hong Kong ("SFC") or in eligible schemes as permitted by the SFC from time to time, currently including UCITS schemes domiciled in Ireland, Luxembourg and the United Kingdom (whether authorised by the SFC or not). The Fund may also invest up to 10% of its net assets in schemes that are not authorised by the SFC. The Underlying Funds, which may include other sub-funds of the Company, may be unlisted or listed on exchanges located in countries such as France, Germany, Ireland, Italy, Mexico, Netherlands, Singapore, Switzerland and the United Kingdom.

The Fund may, through its investments in Underlying Funds, invest on an ancillary basis in:

- convertible securities
- credit-linked securities
- debt securities on which the issuer is currently (at the time of purchase) not making principal or interest payments (defaulted debt securities)
- securities of companies that are, or are about to be, involved in reorganisations, financial restructurings, or bankruptcy (restructuring companies)

The Fund does not currently intend to engage in securities lending, repurchase, reverse repurchase agreements or other similar over-the-counter 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.**

- **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. The Fund may invest in debt securities on which the issuer is not currently making interest payments (defaulted debt securities). These securities may become illiquid. The Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situation, the governmental entity may be unwilling or unable to pay interest and repay principal, or the indebtedness may be restructured. In the event of a default on sovereign debt, the Fund may suffer significant losses. The Fund may invest in higher-yielding securities rated lower than 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.
- **Asset allocation risk:** The investments of the Fund may be periodically rebalanced and therefore the Fund may incur greater transaction costs than funds with a static allocation strategy. The Fund could experience losses if the judgment on particular



investments made for the Fund's portfolio prove to be incorrect, or if legislative, regulatory, or tax developments affect the investment techniques available to manage the Fund, or if modeling systems used to implement the Fund's investment strategies are not complete, accurate or representative of future market cycles. Investors may be adversely affected as a result of these risks.

- **Underlying investment funds risk:** The Fund will be subject to the risks associated with any investment funds held by it. The Fund does not have control of the investments of the Underlying Funds and there is no assurance that the investment objective and strategy of the Underlying Funds will be successfully achieved, which may have a negative impact to the net asset value of the Fund. The Fund may not accomplish its intended investment purpose if the Underlying Funds hold common securities or trade securities with one another. The Underlying Funds in which the Fund may invest may not be regulated by the SFC. Investing in other investment funds may be more costly and risky to the Fund than if the Fund had invested in the underlying securities directly. Shareholders of the Fund will indirectly bear the fees and expenses of the Underlying Funds. There is also no guarantee that the Underlying Funds will always have sufficient liquidity to meet the Fund's redemption requests as and when made. The Fund may be adversely affected as a result of such risks.
- **Market risk:** The market values of securities owned by the Fund and/or the Underlying Funds 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 and/or the Underlying Funds will participate in the advance. Because the securities the Fund and/or the Underlying Funds hold fluctuate in price in this manner, the Fund's value may go down as well as up and investors may be adversely affected.
- **Emerging markets risk:** The Underlying Funds 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 Underlying Funds and 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.
- **Europe and Eurozone risk:** The Underlying Funds 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 Underlying Funds and 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 Underlying Funds and 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).
- **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 Underlying Funds' 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 Underlying Funds and the Fund may be adversely affected.

- **Smaller and midsize companies risk:** Stocks of smaller- and mid-sized companies tend to be less liquid and more volatile than larger, more recognized companies, particularly if such companies are in emerging markets, which results in higher risk for the Underlying Funds and the Fund. The value and performance of the Underlying Funds and the Fund may be adversely affected as a result.
- **Credit risk:** The Fund is exposed to the credit/default risk of issuers of the debt securities that the Underlying Funds may invest in. Changes in the financial condition of an issuer, changes in economic and political conditions in general, or changes in economic and political conditions specific to an issuer, are factors that may have an adverse impact on an issuer's credit quality and security value. 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 Underlying Funds and the Fund.
- **Convertible securities risk:** The Underlying Funds 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 Underlying Funds and the Fund may be adversely affected as a result.
- **Foreign currency risk:** The Underlying Funds will typically invest to a significant degree in securities that are denominated in currencies other than the base currency of the Fund, exposing the Fund to changes in foreign exchange rates and the possibility of exchange control regulations. Changes in currency exchange rates may affect income earned as well as gains and losses realized by the Underlying Funds and the Fund. The Fund may seek to hedge its currency exposure, which can limit the potential for currency gains. There is no guarantee that hedging or protection will be achieved, and the value of the Fund may be adversely affected. 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 and/or the Underlying Funds 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 and/or the Underlying Funds to sell securities or positions may also impede the ability of the Fund and/or the Underlying Funds 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 values of the Underlying Funds and the Fund.
- **Valuation risk:** Valuation of the investments of the Fund and of the Underlying Funds 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.
- **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 Underlying Funds and 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 Underlying Funds' use of derivative instruments may become ineffective and the investors of the Fund may suffer significant losses.
- **Credit-linked securities risk:** The Underlying Funds may invest in credit-linked securities. The Underlying Funds may be adversely affected by any delay or cessation in the making of payments by the issuers of the debt obligations underlying the credit-linked security or by the issuer of the credit-linked security. If the market for credit-linked securities becomes illiquid, the



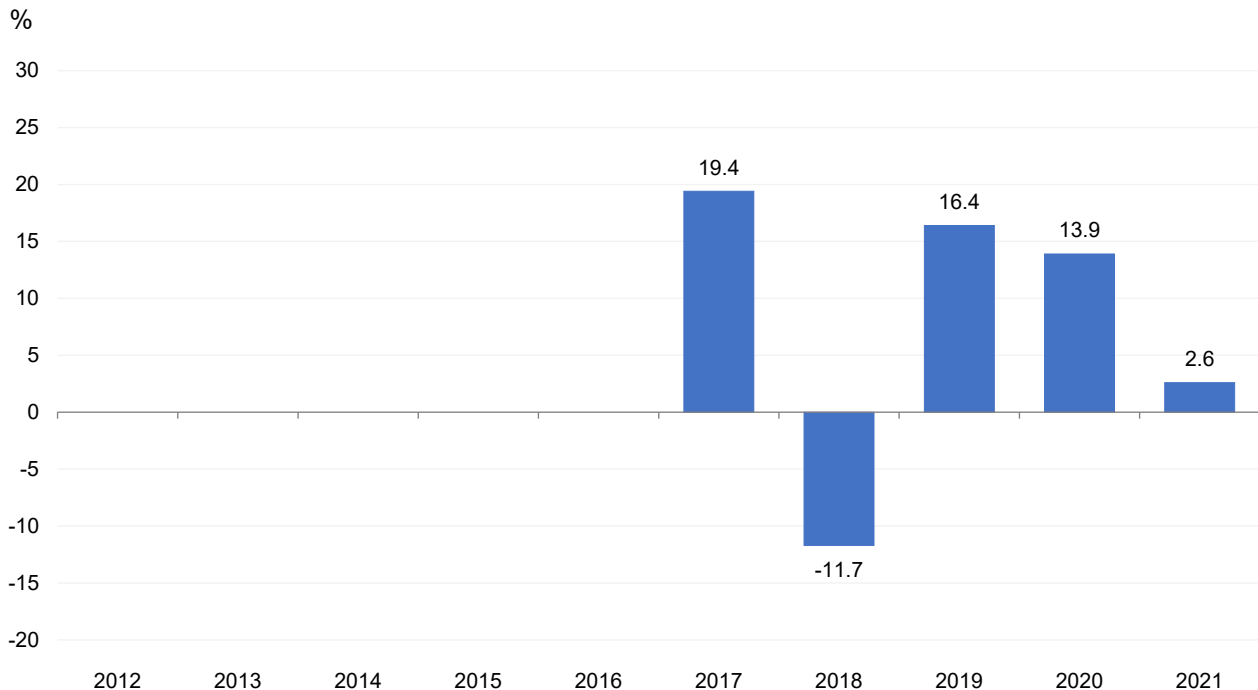
*Underlying Funds could experience difficulty in selling such security at a price their investment managers believe is fair, and the Underlying Funds and the Fund may be adversely impacted.*

- **Counterparty risk:** *The Fund may be exposed to risks arising from the solvency of the Underlying Funds' counterparties and its own counterparties, and the Fund/investors may be adversely impacted.*
- **Restructuring companies risk:** *Companies involved in reorganization or financial restructuring tend to have a relatively weak financial position. Restructuring could be disruptive to the business and management structure of the companies involved, which may result in substantial losses for the Underlying Funds and the Fund.*
- **Concentration risk:** *By being concentrated in one region (i.e., Asia), the Fund could suffer greater volatility compared to funds that follow a more diversified policy. The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting the Asian region 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. 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.*
- **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.*



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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: 5 February 2016
- Class A (acc) USD launch date: 5 February 2016
- Effective 25 February 2021, blended 40% MSCI AC Asia Pacific Ex-Japan + 35% MSCI ACWI + 20% Bloomberg Multiverse (formerly known as Bloomberg Barclays Multiverse) (hedged to USD) + 5% JPM GBI-EM Broad Diversified Asia 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.





## 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
	<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.

	Annual rate (as a % of the Fund's net asset value)
	<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).



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- *Shares of the Fund are exclusively offered to selected intermediaries by invitation only based on specific agreement with the Management Company. Shares of the Fund are made available to investors subscribing into the Fund through such intermediaries only.*
- *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.*