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**Product Key Facts**  
**Franklin Templeton Asia Fund Series -**  
**Templeton Select Global Leaders Fund**

*Issuer: Franklin Templeton Investments (Asia) Limited*

*Last updated: November 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

**Custodian:** Citibank N.A. (Hong Kong Branch)

**Base currency:** USD

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

**Ongoing charges over a year:**

Class A (acc) HKD: 2.66%<sup>#</sup>

Class A (acc) RMB-H1: 2.66%<sup>#</sup>

Class A (acc) USD: 2.66%<sup>#</sup>

Class A (Mdis) USD: 2.66%<sup>##</sup>

Class A (Mdis) HKD: 2.66%<sup>##</sup>

Class A (Mdis) RMB-H1: 2.66%<sup>##</sup>

<sup>#</sup> The ongoing charges figures are estimates based on the annualized projection of the actual expenses for the financial period ended 30 September 2022, and represent the sum of the estimated ongoing expenses chargeable to the Fund expressed as a percentage of the Fund's average net asset value. The actual figures may be different from these estimated figures and they may vary from year to year.

<sup>##</sup> The ongoing charges figures are estimated figures and are calculated based on the estimated ongoing expenses for a 12-month period expressed as a percentage of the Fund's estimated average net assets over the same 12-month period. The actual ongoing charges figures may be different from the estimates shown above and may vary from year to year.

**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 Global Leaders Fund (the "Fund") is capital appreciation, which it seeks to achieve through a policy of investing in equity securities of companies throughout the world, including emerging markets.

At least 70% of the Fund's net asset value is invested in equity securities (namely common stocks) of companies listed and/or traded on recognised exchanges throughout the world, including emerging markets, that are regarded by the Manager as established leaders that present mispriced quality growth opportunities. Established leaders are companies with dominant market positions, strong competitive advantages, high quality management, solid balance sheets, and positive returns on capital in growing industries that show potential to deliver sustainable growth over the long-term (5 years) than their market price would suggest. Some examples of such growing industries



include automation, green energy, healthcare, select consumer, digitalization, cloud computing and electric vehicle industries, although this list is expected to change from time to time.

The Fund will also invest in companies that are considered as emerging leaders, which are companies that are in earlier stages of growth that the Manager believes will become established leaders over time. The Manager identifies emerging leaders as companies that are increasing their competitive advantage versus their peers and will benefit from increasing returns in the future, and/or companies in emerging industries or disrupting established industries, who are increasing market share and are beneficiaries of increasing scale. No more than 30% of the Fund's net asset value will be invested in shares of emerging leaders.

Typically, the number of holdings in the Fund will vary between 25-35 companies' shares but the Fund may hold up to 50 companies' shares. These holdings will typically be in the shares of companies that have a market capitalisation of over US\$10 billion. However, the Fund may also invest in companies with market capitalisations of between US\$1 billion and US\$10 billion at the Manager's discretion where such investments are considered attractive with ample liquidity and to permit investment in emerging leaders at earlier stages of growth.

The Fund will incorporate environmental, social and governance (ESG) into the stock research and consideration of ESG factors is formally incorporated into every stock recommendation made by the analysts. Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may also seek investment opportunities in other types of securities. Up to 30% of the Fund's net asset value may be invested in securities such as preferred stock, convertible securities, fixed income securities, warrants, options and other securities (including 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 with a credit rating below investment grade (i.e. securities rated below BBB- by Standard & Poor's or below Baa3 by Moody's).

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.

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.

The Fund is not required to adhere to the above limits during (i) the first two months after the date of its launch; and (ii) two months prior to the date of its termination or merger.

The Fund will not, in aggregate, directly and indirectly invest more than 10% of its net asset value in China A shares and B shares. Should the Fund propose to change the investment strategy, it will comply with the applicable regulatory requirements (including, without limitations, notification to investors and updating of the offering document) to do so.

#### **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.
- **Equity risk:** The value of a Fund that invest in equity and equity related securities (including preferred stock) will 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.
- **Growth stocks risk:** The Fund may invest in growth stocks which can be more volatile and may react differently to economic, political, market and issuer specific developments than the overall market. Historically, the prices of growth stocks have been more volatile than other securities, especially over short-term periods of time. Growth stocks may also be more expensive, relative to their earnings, than the market in general. As such, growth stocks can experience greater volatility in reaction to changes in earnings growth.



- **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 or other local governmental laws or restrictions. Investments in emerging markets may be considered speculative, and may lead to significant losses to the Fund.
- **Concentration risk:** The Fund's investments may focus on a specific geographic location, which may increase the concentration risk. Consequently, in such situation, the Fund would be particularly susceptible to the adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the relevant market. The net asset value of the Fund may be more volatile than a diversified fund.
- **Eurozone risk:** Mounting sovereign debt burdens 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 both fixed income and equity securities across Europe and potentially other markets as well. These events may increase volatility, liquidity and currency risks associated with investments in Europe. A single or several European countries may exit the Eurozone or a sovereign within the Eurozone may default on its debts. In the event of the break-up of the Eurozone or Euro currency, the Fund may be exposed to additional operational or performance risks with adverse consequences for the value of 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.
- **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, and Units may be issued in a currency different from the Base Currency of the Fund, and its value may be adversely affected by changes in foreign exchange rates and the possibility of exchange control regulations. Changes in currency exchange rates may also adversely affect the income earned by the Fund and gains and losses realized by the Fund.
- **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 in RMB 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 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. The value of CNH could differ from that of CNY due to a number of factors including without limitation foreign exchange control policies and repatriation restrictions. 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. 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).

- **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 reduced value 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.
- **Counterparty risk:** When over-the-counter (OTC) or other bilateral contracts are entered into, the Fund may find itself exposed to risks arising from the solvency of its counterparties and from their ability to respect the condition of these contracts and the Fund/investors may be adversely impacted.
- **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



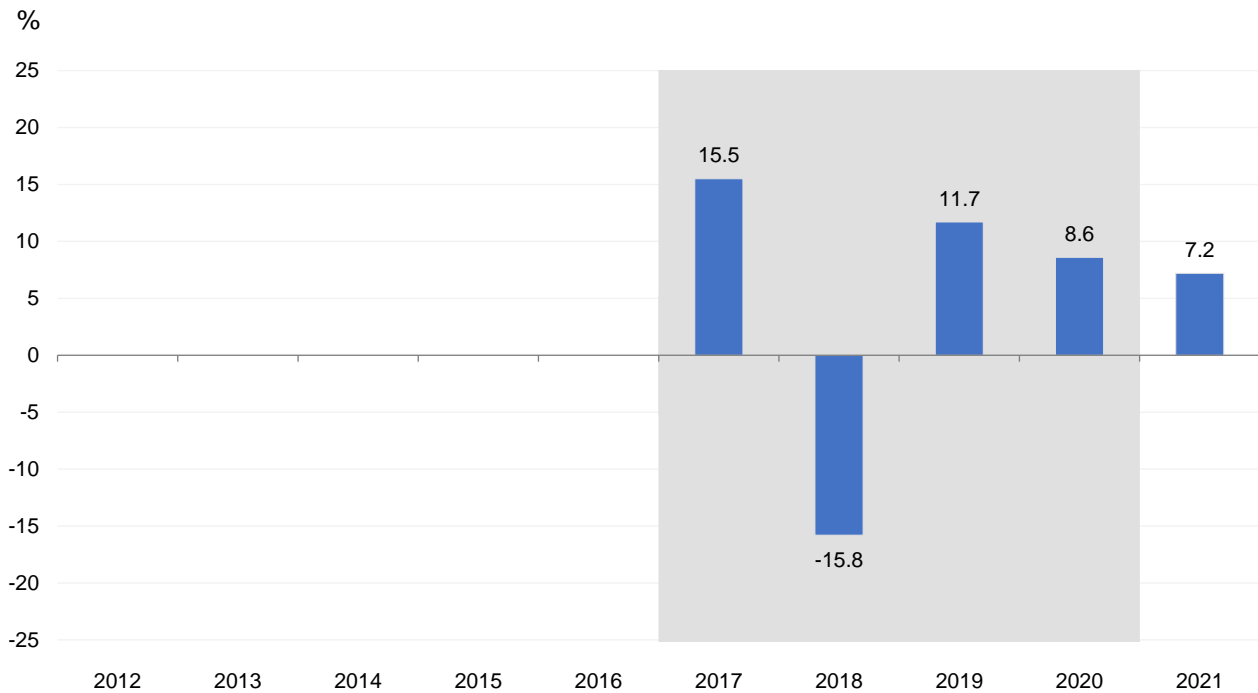
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*reference currency of the hedged Classes and the Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged Classes.*



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#### How has the Fund performed?



■ The performance of the Fund in these years was achieved under circumstances that no longer apply. The investment policy was changed in 2021.

- 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 among the unit classes 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 July 2016
- Class A (acc) USD launch date: 5 July 2016

#### 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 units 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 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, electronic instructions or by post, and 4:00 p.m. New York (Eastern time) in the United States for instructions submitted via SWIFT or 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).
- 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).
- 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**



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*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.*