



FRANKLIN  
TEMPLETON

**Product Key Facts**  
**Franklin Templeton Investment Funds -**  
**Templeton Emerging Markets Dynamic Income Fund**

*Issuer: Franklin Templeton Investments (Asia) Limited*

*Last updated: August 2023*

- **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)

**Sub-manager(s):** Templeton Asset Management Limited, Singapore (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: 1.85%

Class A (Mdis) USD: 1.85%

Class A (Mdis-pc) HKD: 1.85%

Class A (Mdis-pc) USD: 1.85%

Class A (Qdis) USD: 1.85%

Class A (acc) USD: 1.85%

<sup>#</sup>The ongoing charges figures are based on the semi-annual report for the period ended 31 December 2022. 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.

Share classes with "pc" in their names are distribution share classes designed to offer, under normal market conditions, dividend distribution at a fixed percentage of the net asset value per share. This may result in such share classes either paying out both income and capital in distribution payments, or not substantially distributing all the investment income which a share class has earned. The dividends, which are not dependent on the level of income or capital gains actually received or generated by the Fund may be paid out of capital and further reduce the relevant Fund's and share classes' net asset value. The Board of Directors reserves the right to change the fixed percentage of the "pc" distribution share classes at any time, subject to one month's prior notification to the relevant shareholders. The new target distribution yield will be disclosed in this statement as well as in the "Dividend Schedule" available on the Hong Kong Representative's website at [www.franklintempleton.com.hk](http://www.franklintempleton.com.hk) or upon request from the Hong Kong Representative. If the Board of Directors does not intend to retain the flexibility to pay dividend or expenses out of capital, the change will be subject to the SFC's prior approval and one month's prior notification to the relevant shareholders.



*In respect of share classes with “pc” in their names, the distribution amount per share is calculated as follows: (target annual distribution yield ÷ distribution frequency over a year) × net asset value per share on the period-end date. Details of such distribution share classes are set out below:*

*Class A (Mdis-pc) HKD*

*Currency: HKD*

*Distribution Frequency over a year: Monthly (12)*

*Target Annual Distribution Yield: 6%*

*Class A (Mdis-pc) USD*

*Currency: USD*

*Distribution Frequency over a year: Monthly (12)*

*Target Annual Distribution Yield: 6%*

*Investors should note that a positive distribution yield does not imply a positive return. The Board of Directors will periodically review the above distribution share classes and reserves the right to make changes.*

## **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 Emerging Markets Dynamic Income Fund (the “Fund”) aims to increase the value of its investments, to earn income over the medium to long term.*

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

- equity securities, fixed and floating rate debt securities, including low-rated and non-rated debt securities and debt obligations, issued by government, government-related issuers and corporate entities which are located, incorporated, or have their principal business activities in developing or emerging market countries such countries include but are not limited to Brazil, Chile, Colombia, Mexico, Peru, Czech Republic, Egypt, Hungary, Morocco, Poland, Russia, South Africa, Turkey, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan and Thailand.*

*The Fund will typically invest at least 25% of its net assets in emerging market equity securities and at least 25% of its net assets in emerging market debt securities but the proportion of its assets allocated to each may vary over time depending on the Investment Manager’s view of the relative attractiveness of each asset class. The Fund’s minimum total investment in emerging market securities is subject to the paragraph above.*

*The Fund can invest on an ancillary basis in:*

- derivatives for hedging, efficient portfolio management and investment purposes. Financial derivative instruments may be used for the purposes of obtaining greater liquidity, locking in higher yields, or to implement currency and interest rate views to obtain economic exposure as an alternative to transacting in the physical markets.*
- mortgage-and asset backed securities*
- structured products (such as participatory notes and equity-linked notes)*
- equity-linked securities, preferred stock and common stock*
- warrants*
- convertible debt securities*
- units of Undertakings for Collective Investment in Transferable Securities (“UCITS”) and other Undertakings for Collective Investment (“UCIs”) (limited to 10% of the Fund’s net assets)*



- securities in default (limited to 10% of the Fund's net assets)
- China A-Shares (through Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, qualified foreign investor (QFI) portfolios, UCIs and any permissible means available to the Fund under the prevailing laws and regulations) and China B-Shares (limited to 20% of the Fund's net assets in aggregate)
- Mainland China through the Bond Connect or directly (also referred to as CIBM direct) (less than 30% of its net assets)

Two separate teams manage the Fund's equity and debt portfolios, using different strategies. The equity team uses in-depth analysis to select individual securities that it believes are significantly undervalued and will provide the best opportunities, over the long term, for increased value. The debt securities team evaluates each issuer while also looking at broad-based trends. The proportion of the Fund's assets allocated to each strategy may vary over time depending on the investment managers' view of the relative attractiveness of each asset class.

The Fund may invest up to 25% of its net assets in debt securities issued or guaranteed by a single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade at the time of purchase (such as Argentina, Brazil, Colombia, Egypt, Ghana, Hungary, Indonesia, Italy, Mainland China, Malaysia, Mexico, Nigeria, Peru, Portugal, Russia, Serbia, South Africa, Spain, Sri Lanka, Turkey, Ukraine and Uruguay). Such investments (if any) are made based on the professional judgment of the Investment Managers whose reasons for investment may include a favourable/positive outlook on the sovereign issuer, potential for rating upgrades and the expected changes in the value of such investments due to rating changes. Please note that the abovementioned sovereigns are named for reference only and are subject to change as their credit ratings may change from time to time.

On a temporary basis and if justified by exceptionally unfavourable market conditions, the Fund may, in order to take measures to mitigate risks relative to such exceptional market conditions in the best interests of its shareholders, hold ancillary liquid assets (i.e. bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 100% of its net assets.

The Fund may also, in order to achieve its investment goals and for treasury purposes, invest in bank deposits, money market instruments or money market funds pursuant to the investment restrictions. For defensive purposes, the Fund may invest up to 100% of its net assets in these instruments on a temporary basis.

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.

#### 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.
- **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.
- **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.
- **Frontier markets risk:** Investments in frontier markets involve risks similar to investments in emerging markets but to a greater extent since frontier markets are even smaller, less developed, and less accessible than other emerging markets. Frontier markets may also experience greater political and economic instability and may have less transparency, less ethical practices, and weaker corporate governance compared to other emerging markets. Such markets are also more likely to have investment and repatriation restrictions, exchange controls and less developed custodial and settlement systems than other emerging markets. As a result, the Fund/investors may be adversely impacted.
- **Credit risk:** The Fund is exposed to the credit/default risk of issuers of the debt securities that the Fund 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 Fund.
- **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. The Fund may seek to hedge currency exposure, which can limit the potential for currency gains. To the extent that the Fund seeks to hedge or protect against currency exchange risk, there is no guarantee that hedging or protection will be achieved, and the value of the Fund may be adversely affected.
- **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.
- **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.
- **Non-regulated markets risk:** Some markets that the Fund invests in do not qualify as regulated due to their economic, legal, or regulatory structure, exposing the Fund to greater regulatory risk compared to funds that invest only in regulated market(s). The Fund may be adversely affected as a result.
- **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:** When over-the-counter (OTC) or other bilateral contracts are entered into (such as OTC derivatives, security lending etc.), 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.
- **Volatility risk:** The debt securities in emerging markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Fund may incur significant trading costs.
- **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.
- **China Bond Connect risk:** Investing in the China Interbank Bond Market (CIBM) via Bond Connect is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to debt securities. The relevant rules and regulations on investment in the CIBM via Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant PRC authorities suspend account opening or trading on the CIBM, the Fund's ability to invest in the CIBM will be adversely affected. In such event, the Fund's ability to achieve its investment objective will be negatively affected.
- **Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect risk:** The relevant rules and regulations on Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are subject to change which may have potential retrospective effect. The Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, the Fund's ability to invest in China A shares or access the PRC market through the programme will be adversely affected. In such event, the Fund's ability to achieve its investment objective could be negatively affected.
- **China QFI risk:** The Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect. The Fund may suffer substantial losses if the approval of the QFI status of the QFI holder of the Fund is being revoked/terminated or otherwise invalidated as the Fund may be prohibited from trading of relevant securities and repatriation of the Fund's monies, or if any of the key operators or parties (including QFI custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).
- **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.





- **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.
  - **Participatory notes risk:** The Fund may use participatory notes to obtain exposure to an equity investment, including common stocks and warrants, in a local market where direct ownership is not allowed. By investing in participatory notes, the Fund may be exposed not only to movements in the value of the underlying equity, but also to the risk of counterparty default, which may in the event of counterparty default result in a substantial loss to the Fund.
  - **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 and this may adversely affect the Fund.
  - **Swap agreements risk:** In a standard “swap” transaction, two parties agree to exchange the returns (or differential in rates of return) earned or realized on particular predetermined investments or instruments. Whether the Fund's use of swap agreements will be successful in furthering its investment objective will depend on the ability of the investment manager to correctly predict whether certain types of investments are likely to produce greater returns than other investments. Swap agreements are illiquid and in the event of the default or bankruptcy of a swap agreement counterparty, the Fund may suffer a substantial loss.
  - **Chinese short swing profit rule risk:** Under PRC laws, rules and regulations, the “short swing profit rule” may require the Fund to give up or return any profits made from purchases and sales in respect of China Connect securities of a particular PRC listed company if (a) the Fund's shareholding in such PRC listed company exceeds the threshold prescribed by the relevant China Connect Authority from time to time and (b) the corresponding sale transaction occurs within the six months after a purchase transaction, or vice versa. The Fund's assets may be frozen under PRC civil procedures to the extent of claims made by the PRC listed company. The inability to sell such assets and any obligations to return profits may adversely affect the performance of the Fund.
  - **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.
- Additional risk of “pc” share classes
- Share classes with “pc” in their names are distribution share classes designed to offer, under normal market conditions, dividend distribution at a fixed percentage of the net asset value per share. This may result in such share classes either paying out both income and capital in distribution payments, or not substantially distributing all the investment income which a share class has earned.
  - Investments in these share classes with “pc” in their names are not an alternative to a savings account or fixed-interest paying investment. The percentage of distributions paid by such share classes is unrelated to expected or past income or returns of these share classes or the Fund. The distribution can thus be higher or lower than the income and return that were



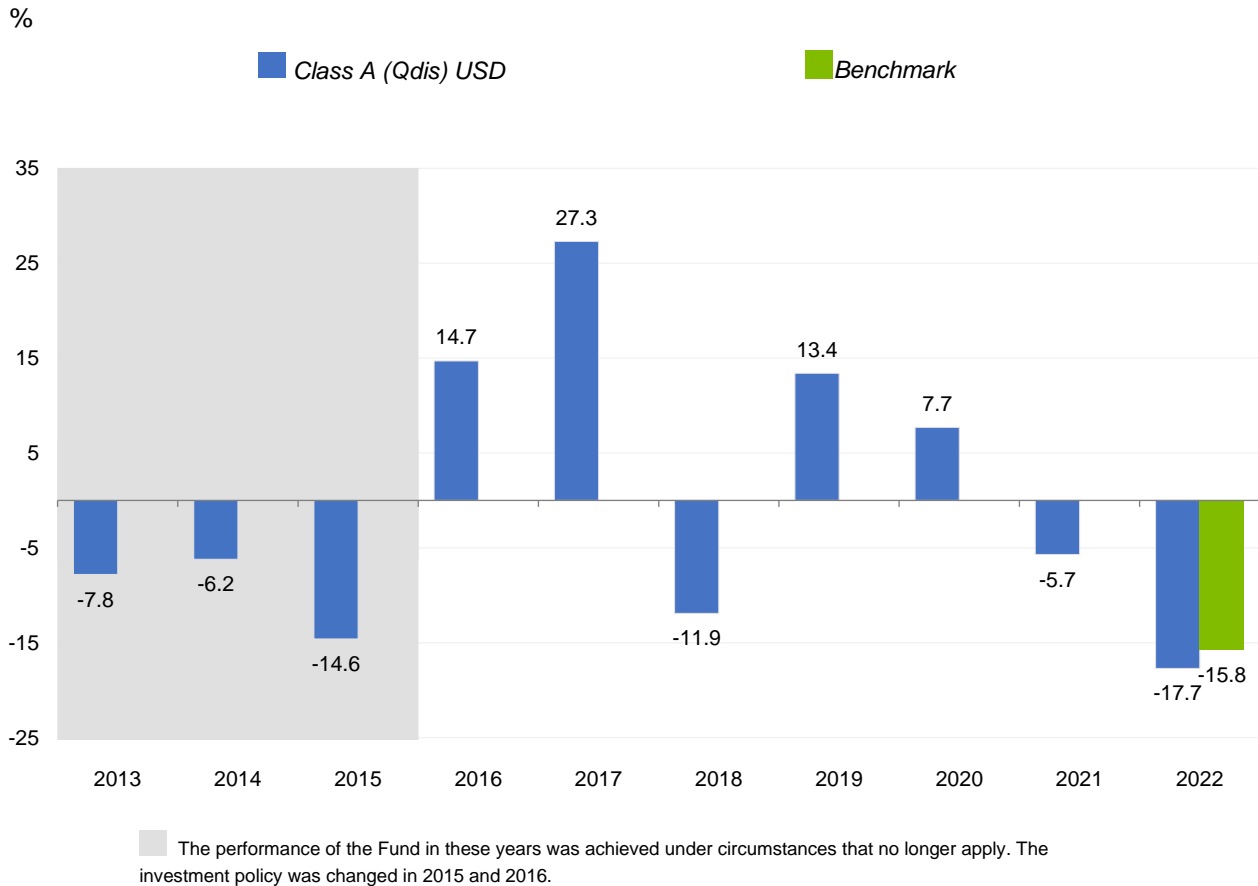
**FRANKLIN  
TEMPLETON**

*effectively realized. Such share classes may continue to distribute in periods that the Fund has negative returns or is making losses, which further reduces the net asset values of such share classes. In extreme circumstances, investors may not be able to get back the original investment amount.*

- *Investors should note that a positive distribution yield does not imply a positive return. Share classes with “pc” in their names do not distribute a fixed amount and the constant percentage of distribution results in higher absolute distributions when the net asset value of the relevant share class is high, and lower absolute distributions when the net asset value of the relevant share class is low.*



## 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 (Qdis) USD increased or decreased in value during the calendar year being shown. Class A (Qdis) 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: 29 April 2011
- Class A (Qdis) USD launch date: 29 April 2011
- Effective 25 February 2021, blended 50% MSCI Emerging Markets-NR + 50% JP Morgan GBI-EM Global Diversified 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.

	<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>Depositary 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).



**FRANKLIN  
TEMPLETON**

- *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.*