

ANNUAL REPORT

FRANKLIN TEMPLETON ASIA FUND SERIES

FOR THE PERIOD/YEAR ENDED
31 DECEMBER 2022



FRANKLIN
TEMPLETON

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REPORT OF THE MANAGER

FOR THE PERIOD/YEAR ENDED 31 DECEMBER 2022

Templeton Select Global Leaders Fund

Market Review

Despite a fourth-quarter rebound, global equities in 2022 suffered their worst annual loss since the 2008 global financial crisis as rising inflation forced many central banks to tighten monetary policy, leading to increasingly dour economic expectations and major rotations in global capital markets. The onset and escalation of war in Europe saw a US-led NATO (North Atlantic Treaty Organization) alliance supporting Ukraine against Russia, whilst growing economic tensions between China and the West, along with the continued disruptive presence of COVID-19, also added to the pressure on risk assets and investor sentiment more broadly.

In this environment, long-established market trends broke down. The biggest losers during 2022 were digitally native, asset-light companies whose valuations had been inflated by easy financial conditions and COVID-related stay-at-home trends, both of which reversed during the year. On the other hand, old-economy cyclical sectors like energy, industrials and financials fared relatively better (with energy posting gains), as did traditionally defensive sectors like utilities and health care. Globally, defensives, as measured by the MSCI All Country World Index (ACWI) Defensive Sectors Index, beat cyclicals, as measured by the MSCI ACWI Cyclical Sectors Index, by the most on record in 2022. However, the quality factor, as measured by the MSCI ACWI Quality Index, which had become increasingly expensive in recent years, disappointed in 2022 as investors appeared to shun companies whose strong fundamentals were already reflected in their share prices. Indeed, valuation was a key determinant of returns in 2022, with global value stocks having their best year relative to global growth stocks—and the best quarter in the fourth quarter—in more than two decades. From a regional standpoint, the formerly dominant US equity market suffered larger losses than most of the world during the calendar year and had its worst quarter in over a decade in the fourth quarter.

Asian economies also struggled to deal with rising inflation. Even Japan, mired in deflation for much of the past two decades, tweaked its yield curve control policy late in the year by raising the cap on its 10-year government bond yield as core inflation hit the highest levels in 40 years. Whilst inflation remained generally elevated, many key economies saw growth in consumer price indices begin to moderate toward the end of the year. China experienced more muted consumer inflation and was an exception to the trend of policy tightening in 2022. As COVID lockdowns and a stricter regulatory regime negatively impacted growth, Chinese policymakers continued to provide targeted stimulus to the economy despite ongoing concerns about excess credit and malinvestment.

In other asset classes, global bond yields surged in 2022. Japanese sovereign bond yields briefly spiked the most on record after the previously mentioned tweak of the Bank of Japan's yield cap. The yield on the benchmark 10-year US Treasury note, which had trended lower for the better part of four decades, posted its biggest ever one-year gain in 2022. And 10-year benchmark yields in the United Kingdom, Switzerland and Germany all rose to their highest levels in more than a decade. The US dollar surged to an 11-year high before giving back some gains in the final weeks of the year. Commodities denominated in US dollars, like gold and copper, declined during the calendar year, but performed better in other major currency terms. Hydrocarbons were able to buck the stronger US dollar altogether, with both natural gas and crude oil contracts hitting multi-year highs before partially giving back gains late in the period.

Templeton Select Global Leaders Fund (continued)

Portfolio Review

The fund underperformed its benchmark - the MSCI All Country World Index for the 12-month period ended 31 December 2022, when stock selection in the financials, information technology and energy sectors detracted from relative performance; our underweight exposure to the financials and energy sectors also impeded performance.

Throughout 2022, we had maintained a limited exposure to the financials sector as we aimed to mitigate the credit and cyclical risks faced especially by banks. Whilst this impacted relative performance, we think our prudent approach remains warranted. We closed a few positions in 2022 partly for rotations toward higher-quality institutions. Entering the new year, we will pay attention to opportunities that we can add to the portfolio, but we will stay selective amidst the still-uncertain macroeconomic conditions.

Similarly, our energy sector holdings are concentrated on a very limited number of stocks and the allocation effect dragged on relative return versus the benchmark. In our view, our selected positions reflect our preference for higher-quality companies with stronger fundamentals and shareholder-friendly policies. Nonetheless, the supply-demand dynamics remain supportive of oil prices, relative to the historical levels—should other opportunities emerge, we will invest further.

With technology stocks underperforming global equities in 2022, according to MSCI indices, some of our information technology positions detracted. These included Micron Technology, Tokyo Electron and Samsung Electronics, as the demand and growth of semiconductors and electronics-related companies were considered economically sensitive. Broadly, we continue to view information technology as a key sector positioned to capture the structural growth driven by digitalisation, and we maintain our overweight exposure especially to the semiconductors and software sub-sectors. However, we are mindful of the near-term headwinds that may pressure the sector's performance in 2023, and we have reduced several positions out of prudence.

Other detracting stocks for the period under review included Autostore Holdings and Siemens AG in the industrials sector, JD.com and Amazon in the consumer discretionary sector, as well as Walt Disney and Alphabet in the communication services sector. Notably, we have closed our position in JD.com, which was our sole holding in the domestic Chinese market. This decision was made in response to the policy and economic uncertainties in China, but we are ready to revisit the market under more favourable conditions. Meanwhile, we remain invested in Siemens, Walt Disney, Alphabet and Amazon—all high-quality companies with market-leading competitive advantages, strong fundamentals, and solid long-term growth profiles supported by structural drivers.

In contrast, stock selection in the health care, consumer discretionary, communication services and materials sectors contributed to relative performance; our overweight health care exposure and underweight consumer discretionary exposure also supported performance.

The health care sector significantly outperformed global equities in 2022, and several of our sector positions—such as AstraZeneca, AbbVie and Zimmer Biomet—were amongst the portfolio's leading performance contributors. Overall, the fund maintains its overweight exposure to the health care sector, which benefits from a variety of attractive attributes, including visible defensive growth in periods of economic uncertainty as well as secular growth drivers such as aging populations globally.

T-Mobile in the communication services sector was one of 2022's top performance contributors. The US-based wireless network operator remains one of the fund's top holdings, favoured for its superior spectrum assets following the Sprint merger. This gives T-Mobile the leading position to compete and grow market share. The merger is also expected to unlock substantial cost synergies that may translate to improved shareholder returns. Meanwhile, we recently initiated a new position in KDDI—Japan's second largest telecommunication services provider—and the stock contributed to relative performance as well. We like its defensive qualities, healthy dividend yield and commitment to share buybacks.

In the consumer discretionary sector, Japan's leading home furnishing retailer Nitori Holdings and luxury goods giant LVMH added to relative performance. These two positions were initiated in the second half of 2022, and their value-add to performance validated our efforts to upgrade portfolio quality and invest in sector leaders on favourable valuations. Likewise, our stock picking in the consumer sector proved accretive as we opted to avoid Tesla in 2022, with that lack of exposure supporting relative performance during the period.

Regionally, stock selection in France, Norway and Ireland detracted from relative performance during the period under review; in Asia, underweight exposure and stock selection in China detracted as well, as did stock selection in South Korea. In contrast, our underweight exposure and stock selection in the US contributed, with stock selection in the UK also contributing.

Templeton Select Global Leaders Fund (continued)

Outlook & Strategy

As one of the most volatile years in recent memory drew to a close, we enter 2023 with some measure of caution. Leading economic indicators such as purchasing managers' indices, freight volumes and inventory levels continue to point to a global growth deceleration, if not recession. With earnings expectations still largely unchanged versus a year ago, market volatility may persist as macroeconomic and geopolitical headwinds are likely to pressure corporate earnings and margins, disappointing investors and triggering further market corrections.

In much of 2022, rate hikes and recessionary concerns have caused a market rotation to value stocks. Quality and growth stocks have somewhat struggled as a result, creating a challenging environment for the portfolio. However, the market volatility and overselling that we saw in 2022 provided us with what we believe to be a once-in-a-decade opportunity to access quality stocks that were previously too expensive based on our valuation discipline. Over the past few quarters, the fund has been actively adding positions in predominantly industry leaders or high-quality companies that have strong balance sheets and are highly cash generative. We believe our efforts to upgrade portfolio quality and mitigate risk exposures in 2022 have given us a solid foundation to deliver enhanced returns over the long term.

Looking ahead, we are exploring a number of ideas and themes that hopefully will be accretive to our performance over the intended investment horizon. These include quality and growth stocks aligned with the key structural trends of digitalisation, energy transition, electric vehicle, automation and more. Opportunities abound, but we will proceed with valuation discipline in mind.

In terms of our sector preferences, we are comfortable maintaining our overweight exposure to the health care and information technology sectors, but will consider some fine-tuning by, for instance, potentially adding more growth stocks to our health care portfolio. Meanwhile we are actively searching for opportunities to add to our consumer portfolio, having initiated in a number of positions that proved supportive of our performance in 2022.

In geographic terms, the fund will stay underweight in the US and overweight in Europe. We will also maintain our overweight exposure in Japan, a stance that we believe is well supported by Japan's economic resilience, favourable valuations, strong corporate balance sheets, and the potential exit from its multi-decade deflation. As for China, we have exited the domestic market but we will pay attention to economic and policy developments on the ground. Should conditions further stabilise and opportunities arise, we will be ready to act. Meanwhile we have built up our exposure to companies that may benefit from China's pivot from Zero-COVID policies and will look to add more as its reopening accelerates.

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Franklin Select Global Multi-Asset Income Fund

Market Overview

For the 12 months ended 31 December 2022, global developed and emerging market equities collectively posted their worst annual loss since the 2008 global financial crisis. A combination of resilient consumer demand and persistent supply-chain disruptions contributed to higher inflation in many countries. This inflationary pressure led many of the world's central banks to tighten monetary policy during the year, which hindered stocks and the outlook for economic growth. Russia's invasion of Ukraine in February 2022 and the subsequent escalation of the war also increased investor uncertainty, as international sanctions on Russia disrupted global trade and commodity markets.

Regionally, United States ("US") indices posted their worst calendar-year performance since 2008 as investors grappled with the US Federal Reserve's ("Fed's") "higher for longer" approach to rate hikes and concerns it could lead to a recession. European developed market equities also retreated during the 12 months under review. Asian developed and emerging market equities declined for the 12-month period. Growth in Japan remained slow, alternating between positive quarter-over-quarter gross domestic product ("GDP") growth and contraction. Global emerging market stocks also fell during the 12 months under review.

In an effort to control inflation, the Fed raised the federal funds target rate in March 2022 for the first time since 2018. It raised the federal funds rate again at its subsequent six meetings to end the period at a range of 4.25%–4.50%. Furthermore, the Fed said it would continue to reduce its bond holdings and anticipated additional interest-rate increases to control inflation. The European Central Bank raised interest rates in July 2022 for the first time in 11 years to curtail growing inflation and raised rates in three subsequent meetings. Yields on US Treasuries ("USTs") increased along the curve, and the curve inverted in the middle of the year and during the fourth quarter participants became concerned that central banks would move policy rates to restrictive levels and increase the probability of a regional or global recession. The period was marked by an increase in volatility and uncertainty. US corporate credit markets were down and the high-yield bond sector outperformed investment-grade corporate bonds. Returns in European and EM fixed income markets were also broadly negative throughout the period.

Outlook

Global growth is slowing to below trend, as indicators of economic growth momentum continue to point to a notable slowdown, and risks remain still firmly skewed to the downside. If the full impact of ongoing monetary policy tightening remains to be felt, then it is unlikely that financial markets can post a sustained rebound at this time. We believe the recent improvement in risk-asset sentiment remains more likely to be merely a bear-market rally rather than a new bull run. With significant moves in major asset classes over the last several months, managers are now focusing on the incremental data for suggestions of where policy may shift next. Many central banks have clearly stated their intentions to bring inflation back down to policy targets, but they now must also consider what appears to be slowing economic growth trends that could push policy in a less hawkish direction. Market volatility may remain high, and macro driven managers may find ample opportunities as these two major conflicting factors develop over the next several months.

In broad terms, global equities require continued earnings growth to offset a further normalisation of valuations. Earnings expectations remain elevated and vulnerable to downgrades. Tightening monetary policy has led to a rise in volatility, which offsets longer-term equity fundamentals that are still relatively supportive. We remain nimble in our level of conviction and now reflect mounting reasons for concern in a more defensive stance towards global equities relative to bonds.

Part of the reason that financial markets have fared better in recent weeks, and led some market participants to anticipate an end to the Fed's hiking cycle, is that it seems increasingly clear that inflation has passed its peak.

Within equities, we retain a preference for the US, Canada, and Japan, whilst taking a moderately bearish view on Europe and the UK. Generally healthy US consumer and corporate balance sheets may help this market better weather a global slowdown. The outlook is more balanced as profit margins may come under pressure in the coming quarters. The stock market's attention will likely focus on still elevated valuations and the extent to which interest-rate hikes cause them to decline further. Elsewhere, Japan appears well placed to benefit from its cyclical economic rebound and from sensitivity to China reopening and global capital expenditure. Corporate earnings are growing strongly, and equity valuations, particularly on a price-to-book-value basis, remain attractive relative to other markets, in our view. We have moderated our constructive view on Asia Pacific, as the region remains vulnerable due to tensions in relations with China more broadly, and concerns about Hong Kong specifically. We are becoming more constructive on broader EM equities, as higher commodity prices are supportive for this region overall.

Franklin Select Global Multi-Asset Income Fund (continued)

Outlook (continued)

We hold a relatively bearish view on government bonds, preferring sovereign issues in Japan, where the central bank is less likely to raise rates. Elsewhere, we hold a preference for high-yielding credit; ample liquidity has led to elevated valuations, even as credit quality has deteriorated for some of the recent new issuance. We are also positive on investment-grade issues after a move wider in spreads and at notably higher yields.

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Franklin Select APAC Quality Income Fund

Market Review

At the beginning of 2022, data showed that China's gross domestic product ("GDP") had grown by only 4% year-on-year in the fourth quarter of 2021, its slowest pace in 18 months. As a result, the People's Bank of China ("PBC") cut a key interest rate for the first time since April 2020 in an attempt to stem the loss of momentum in the Chinese economy. The PBC kept its benchmark interest rates unchanged in February, although expectations were for the central bank to cut its benchmark loan rates later in the year. Such a move was anticipated in order to help support the economy, which was facing increasing downward pressure from a slump in its property market and sluggish domestic demand. In March, the Chinese government imposed new public health restrictions following a rise in COVID-19 cases, thus dampening investor sentiment. Nonetheless, Premier Li Keqiang reinforced the Chinese government's pro-growth stance for 2022 by setting what he called a "medium-high" target of 5.5% real GDP growth.

In April, the Chinese economy continued to suffer from severe coronavirus lockdowns, while monetary tightening by the US Federal Reserve ("Fed") prompted global investors to sell the Chinese currency. At the end of the month, Chinese financial authorities pledged to "strengthen macro adjustments" to help achieve full-year economic goals. Data released in May showed that industrial production for April had fallen for the first time since 2020. Towards the end of the month, Premier Li delivered a pessimistic address on the outlook for Chinese economy. In fixed income markets, given the severity of the economic slowdown, China said it would make the remaining areas of its onshore bond market available to foreign financial institutions to help rekindle global investor interest in Chinese renminbi-denominated debt. In June, China halved its required quarantine period for international travellers, the first notable nationwide relaxation of the severe curbs on travel and economic activity caused by COVID-19. Moreover, the country's manufacturing sector showed signs of recovery, an encouraging indication that economic conditions were starting to improve.

Nevertheless, coronavirus lockdowns and a worsening property crisis continued to beset the Chinese economy in July. Data released over the month showed growth of 0.4% (year-on-year) in the second quarter, considerably lower than expected. This marked the second-worst quarterly growth in 30 years and was well below the 4.8% increase registered in the first quarter of 2022. In an attempt to avoid a further slump in the property market, the Chinese central bank announced plans to offer cheap loans to refinance unfinished real estate projects. August saw further problems for the economy, with activity in the country's manufacturing sector contracting for a second straight month, as droughts and power cuts hit output while renewed COVID-19 restrictions dampened demand. However, towards the end of the month the Chinese government unveiled a US\$44 billion support package to help offset the impact of a deepening property crisis. In September, the Caixin China General Manufacturing Purchasing Managers Index showed that conditions had deteriorated, due to falling demand and ongoing coronavirus restrictions, with foreign sales falling at the fastest rate for four months. Meanwhile, the onshore renminbi depreciated against the US dollar for a seventh straight month, hitting a record low against the greenback despite months of intervention by Chinese policymakers.

There were some positive signs in October for the Chinese economy, which grew by 3.9% year-on-year in the third quarter of 2022, beating earlier forecasts of 3.3%. Even so, the world's second-largest economy seemed unlikely to meet the government's full-year target of 5.5%, against a backdrop of weakening external demand, worsening lockdowns and continued problems in the country's property sector. Other data released in the month were largely subdued. Unemployment rose in September, while retail sales growth slowed. In contrast, industrial production showed signs of improvement. In November, the services sector showed its weakest reading since May, amid lacklustre demand. Nonetheless, there were hopes that tentative moves to ease the strict lockdown measures could help improve economic growth. Moreover, the Chinese government and central bank announced a sweeping set of policy measures designed to support the property sector, which was followed by the announcement of substantial credit lines from state-controlled banks for higher-quality property developers. This relieved some of the near-term liquidity issues plaguing the sector. In December, the Chinese economy began to reopen after three years of isolation, stoking hopes of a rebound in 2023. However, other countries were fearful that soaring international travel would lead to a rise in new coronavirus cases. At the end of the month, in a televised speech, China's leader Xi Jinping stated that the country's economy had grown by at least 4.4% in 2022, although this figure was considerably higher than economist's expectations of between 2.7% and 3.3%.

In the United States ("US"), the year began with concerns about rising US inflation. Data released in January showed that the headline US consumer price index grew by 7.0% year-on-year in December, the largest 12-month gain since June 1982. February was dominated by geopolitics, with President Putin's decision to invade Ukraine leading to economic sanctions. Elevated US inflation and robust economic data further raised expectations that the central bank would begin raising rates. Indeed, in March the Fed raised interest rates and further strengthened its rhetoric on inflation.

Franklin Select APAC Quality Income Fund (continued)

Market Review (continued)

US inflation maintained its upward trend over the second quarter. This caused the Fed to raise its base rate by 50 basis points ("bps") in early May, then again in June by an unexpected 75 bps, the largest increase since 1994, as it sought to contain rising prices. Against this backdrop, benchmark US Treasury yields rose significantly over the first quarter of 2022, and increased further in April, although they fell a little in May. Despite peaking close to 3.5% mid-June, in the wake of the inflation data and subsequent Fed hike, they ended the review period up but below 3% as concerns grew about a potential recession.

Persistently rising inflation persuaded the Fed to raise rates by a further 75 bps in July. August saw a hawkish Jackson Hole address from Fed Chair Jerome Powell. With core inflation rising by 6.3% (year-on-year) in August, up from 5.9% in July, the Fed raised the federal funds rate by another 75 bps in September. Against this backdrop, benchmark US 10-year Treasury yields rose sharply over the third quarter, moving above 4% at the end of the period.

The Fed raised rates by 75 bps early in November marking a fourth consecutive hike of this magnitude, although the accompanying statement by Fed Chair Powell suggested that the pace of tightening would soon slow. Indeed, in December, the central bank increased rates again but by only 50 bps, a rise anticipated by investors. These central bank actions were taken amid signs of easing inflation. The initial reading for December inflation showed a second easing in a row, with an annualised 9.5% (down from November's 10.1%). Other data released over the period showed that the US economy grew at an annualised rate of 2.9% during the third quarter, which, in conjunction with moderating inflation, fuelled hopes that a deep recession could be avoided. Nonetheless, the quarter also showed a marked contraction in business activity, as manufacturers and service providers both recorded steep declines in new orders. Against this backdrop, benchmark US 10-year Treasury yields, though volatile, were broadly flat for the fourth quarter overall.

Franklin Select APAC Quality Income Fund (continued)

Assessment, Outlook and Risks

Although we believe Asia as a region is likely to fare better than other emerging markets, we do not envisage Asian economies rebounding to pre-pandemic levels for some time. Instead, we see the long-term economic impact of the pandemic continuing to weigh on the region, although higher-income countries should be better supported by monetary policies and greater political stability. Nonetheless, we are aware that rising inflation and supply-side constraints continue to cast a shadow over Asian economies.

Throughout December, many central banks reiterated that, despite signs of peaking, the task of getting inflation back on target is far from over. Of particular concern are resilient labour markets, which are likely to contribute to the “stickiness” of rising price levels. However, monthly inflation readings have been coming down from their highs, both in the US and in Europe, fuelling hopes that terminal policy rates will be reached soon and with them an end of the tightening cycle.

In the US, the Fed delivered a very hawkish message to accompany its December hike, as Chair Powell remained adamant that the slower pace of rate increases was not indicative of a pivot and that the policy rate would rise above 5% for a significant period of time. Although many investors seem to doubt the Fed, we feel that its forecast of the policy trajectory is realistic. The central bank will need to feel confident that all measures of inflation, including core inflation, are coming down towards its 2% target in a sustained way before changing course. Considering our view that inflationary pressures will remain elevated for longer, we anticipate a terminal rate of 5.25%-5.50% and believe that this has not as yet been reflected across the yield curve.

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Franklin Templeton Select APAC Income Fund

Market Review

Global equities retreated overall in December 2022 and closed the year with their worst annual loss since the 2008 global financial crisis, due to investor concerns about slower global economic growth driven by the aggressive rate-hiking actions of many central banks. The ongoing Russia-Ukraine war and a COVID-19 surge in China after the country's easing of its zero-COVID policy also weighed on investor sentiment. The US Federal Reserve ("Fed") raised the fed funds rate by 50 basis points ("bps") in December, pushing borrowing costs to the highest level since 2007, and in line with market expectations. Fed policymakers continued to anticipate that ongoing increases would be appropriate and that a restrictive policy stance would need to be maintained until inflation was on a sustained downward path. The European Central Bank ("ECB") also raised its policy rates by 50 bps at its December meeting and provided hawkish guidance on the future path of interest rates.

Developed market equities underperformed the global index, whilst emerging market ("EM") equities fared better. Regionally, US stocks declined for the month and underperformed global stocks as investors grappled with the Fed's sustained approach to rate hikes and concerns it could lead to a recession. Equities in Europe ended the period relatively flat as many investors hoped that slower economic growth and moderating inflation would lead the ECB and the Bank of England ("BoE") to slow the pace of their interest-rate hikes. In Asia, stocks also ended the period relatively flat amidst investor optimism surrounding China's easing pandemic restrictions and economic reopening. The region's markets were mixed, as China generated solid gains, Japan ended the period relatively flat, and South Korea and India posted losses.

The annual inflation rate in the United States ("US") slowed for a fifth straight month to 7.1% in the 12 months to November 2022, the lowest since December 2021, and below forecasts. This was primarily due to a slowdown in gasoline and other energy prices, and pricing pressures for other contributors to the inflation index also eased moderately. The US Treasury ("UST") yield curve steepened slightly during the period, as the yield on the two-year UST rose by just three bps to 4.41% and by 17 bps on the five-year bond, ending the month at 3.99%. The yield on the benchmark 10-year UST increased 20 bps to 3.88%, and the 30-year UST yield moved up by 17 bps to 3.97% by the end of the period. Yields in the eurozone followed a similar trend as the region battled high inflation and a looming recession.

Debt markets were mixed in December, with developed market fixed income sectors losing some ground whilst EM debt gained during the month. Increasing yields and continued tightening caused some volatility during the month as rates increased. Lower-quality sectors, such as high-yield ("HY") credit, trailed their investment-grade ("IG") and UST counterparts. EM corporate credit markets gained during the period.

Outlook

Global growth is slowing to below trend, as indicators of economic growth momentum continue to point to a notable slowdown, and risks remain still firmly skewed to the downside. If the full impact of ongoing monetary policy tightening remains to be felt, then it is unlikely that financial markets can post a sustained rebound at this time. We believe the recent improvement in risk-asset sentiment remains more likely to be merely a bear-market rally rather than a new bull run. With significant moves in major asset classes over the last several months, managers are now focusing on the incremental data for suggestions of where policy may shift next. Many central banks have clearly stated their intentions to bring inflation back down to policy targets, but they now must also consider what appears to be slowing economic growth trends that could push policy in a less hawkish direction. Market volatility may remain high, and macro driven managers may find ample opportunities as these two major conflicting factors develop over the next several months.

In broad terms, global equities require continued earnings growth to offset a further normalisation of valuations. Earnings expectations remain elevated and vulnerable to downgrades. Tightening monetary policy has led to a rise in volatility, which offsets longer-term equity fundamentals that are still relatively supportive. We remain nimble in our level of conviction and now reflect mounting reasons for concern in a more defensive stance towards global equities relative to bonds.

Part of the reason that financial markets have fared better in recent weeks, and led some market participants to anticipate an end to the Fed's hiking cycle, is that it seems increasingly clear that inflation has passed its peak.

Franklin Templeton Select APAC Income Fund (continued)

Outlook (continued)

Within equities, we retain a preference for the US, Canada, and Japan, whilst taking a moderately bearish view on Europe and the United Kingdom. Generally healthy US consumer and corporate balance sheets may help this market better weather a global slowdown. The outlook is more balanced as profit margins may come under pressure in the coming quarters. The stock market's attention will likely focus on still elevated valuations and the extent to which interest-rate hikes cause them to decline further. Elsewhere, Japan appears well placed to benefit from its cyclical economic rebound and from sensitivity to China reopening and global capital expenditure. Corporate earnings are growing strongly, and equity valuations, particularly on a price-to-book-value basis, remain attractive relative to other markets, in our view. We have moderated our constructive view on Asia Pacific, as the region remains vulnerable due to tensions in relations with China more broadly, and concerns about Hong Kong specifically. We are becoming more constructive on broader EM equities, as higher commodity prices are supportive for this region overall.

We hold a relatively bearish view on government bonds, preferring sovereign issues in Japan, where the central bank is less likely to raise rates. Elsewhere, we tempered our conviction toward HY credit following a period of rising volatility and wider spreads. We are also neutral on IG issues. The sector has benefited from ample corporate liquidity and earnings levels that make high debt loads more sustainable. Investor confidence was hit by monetary policy tightening, and spreads widened alongside rising UST yields.

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Templeton Select APAC Equity Income Fund

Market Review

Despite a fourth-quarter rebound, global equities in 2022 suffered their worst annual loss since the 2008 global financial crisis as rising inflation forced many central banks to tighten monetary policy, leading to increasingly dour economic expectations and major rotations in global capital markets. The onset and escalation of war in Europe saw a US-led NATO ("North Atlantic Treaty Organization") alliance supporting Ukraine against Russia, whilst growing economic tensions between China and the West, along with the continued disruptive presence of COVID-19, also added to the pressure on risk assets and investor sentiment more broadly.

Against this backdrop, the fund's benchmark MSCI AC Asia Pacific Index ("NR") returned -17.22% for the full year of 2022, in US-dollar terms. Within the region, China's economic slowdown and COVID restrictions were a source of market concern for much of the year. The country's third-quarter gross domestic product ("GDP") expanded 3.9% quarter-over-quarter, rebounding from a contraction in the previous quarter. However, a survey showed China's manufacturing activity contracted in December for the fifth consecutive month, reflecting the persistent weakness in global demand. To support growth, China kept its fiscal and monetary policies accommodative, with the People's Bank of China leaving its benchmark loan prime rate unchanged during the fourth quarter whilst lowering the cash reserve requirement for banks and increasing long-term liquidity. Meanwhile, after long months of incessant COVID lockdowns and disruptions to economic activities, China began to pivot away from its Zero-COVID policy in November, and Hong Kong similarly relaxed its pandemic restrictions.

Elsewhere in Asia Pacific ("APAC"), Japan's GDP contracted at an upwardly revised rate of 0.2% quarter-over-quarter in the three months to September-end as high inflation and yen weakness impacted consumer spending. With manufacturing activities still mired in contraction and inflation reaching multi-decade highs, the Bank of Japan ("BOJ") kept its benchmark interest rate unchanged at -0.1% throughout the year and moved to prop up the yen in the currency market during the fourth quarter. However, the BOJ was seen to be getting ready for monetary policy normalisation. In a surprise announcement in December, the BOJ widened the band around its target for the 10-year government bond yield. This was viewed as a pivotal move aimed at ending negative interest rates and helping Japan exit deflation over the long term.

Economic indicators were similarly mixed in South Korea. Inflation slowed down somewhat in the second half of 2022 after reaching the nearly 24-year high of 6.3% in July. However, GDP only grew 0.3% sequentially in the third quarter, slowing from the prior quarter's 0.7% rate, as higher prices and rising interest rates hurt household and business spending. The country's manufacturing activity contracted in December for the sixth consecutive month as new orders and international demand declined. The Bank of Korea raised its benchmark rate by 50 basis points ("bps") in October and 25 bps in November, bringing it to 3.25%, the highest level since June 2012.

India's GDP expanded 6.3% year-over-year in the September-end quarter, which was significantly slower than the prior quarter's 13.5%. Meanwhile, the country's manufacturing activity expanded in December for the 18th consecutive month as output grew at the fastest rate in 13 months and new orders rose the most since February 2021. Its inflation rate eased to 5.88% in November, the lowest level since December 2021. The Reserve Bank of India raised its benchmark interest rate by another 35 bps at its December meeting, bringing it to 6.25%, the highest level since 2019.

Templeton Select APAC Equity Income Fund (continued)

Assessment, Outlook and Risks

The fund successfully navigated the volatile conditions of 2022 to deliver robust results versus the benchmark whilst increasing its dividend distribution. Notably, stock selection was the key driver for generating higher relative returns. In our view, these achievements clearly validate the merit of our strategy focus and investment process.

Going forward, we believe the fund is well placed to sustain its performance. Our top priority remains portfolio yield and quality enhancement. Potentially, this might require us to look for more dividend growers, or companies that can consistently grow earnings and dividends over time. We will balance that by further upgrading portfolio quality and diversifying across the regional markets.

In more specific terms, we are looking at a few areas for opportunities. The key theme entering 2023 is China's reopening. Broadly, we believe the easing of COVID restrictions in both China and Hong Kong should help the recovery of consumer demand, travel spending and industrial production activities. This could bode well for sectors such as real estate, consumer, materials and information technology. Our portfolio already has holdings aligned with this theme, and we have recently added more exposure with companies that offer favourable yields on attractive valuations. We may invest further but selectiveness will be key, and we need to be aware that the reopening process may be choppy, especially in this early stage.

*The comments, opinions, and estimates contained herein are based on or derived from publicly available information from sources that Franklin Templeton believes to be reliable. Franklin Templeton does not guarantee their accuracy. This report is for informational purposes only. Any views expressed are the views of respective portfolio management team of Franklin Templeton and may differ from other portfolio management team/ investment affiliates or of the firm as a whole. The security provided (if any) is for illustration purpose only and is not necessarily indicative of a portfolio's holding at any one time. It is not a recommendation to purchase, sell or hold any particular security. This document is not intended to provide investment advice. **Investments involve risks. Where past performance is quoted, such figures are not indicative of future performance***

The underlying assumptions and these views are subject to change without notice. There is no guarantee that any forecasts expressed will be realized. Neither Franklin Templeton, its affiliates nor any officer or employee of Franklin Templeton accepts any liability whatsoever for any direct or indirect consequential loss arising from use of this document or any information, opinion or estimate herein.

REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF FRANKLIN TEMPLETON ASIA FUND SERIES (THE “FUNDS”) FOR THE PERIOD/YEAR ENDED 31 DECEMBER 2022

We hereby confirm that, in our opinion, the Manager of the Funds has, in all material respects, managed Templeton Select Global Leaders Fund, Franklin Select Global Multi-Asset Income Fund, Franklin Select APAC Quality Income Fund, Franklin Templeton Select APAC Income Fund and Templeton Select APAC Equity Income Fund in accordance with the provisions of the Trust Deed dated 5 January 2016 and Supplemental Deeds dated 27 December 2019 and 18 February 2021 for the period/year ended 31 December 2022.

For and on behalf of
Cititrust Limited

Director

18 April 2023

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF TEMPLETON SELECT GLOBAL LEADERS FUND, FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND, FRANKLIN SELECT APAC QUALITY INCOME FUND, FRANKLIN TEMPLETON SELECT APAC INCOME FUND AND TEMPLETON SELECT APAC EQUITY INCOME FUND (THE SUB- FUNDS OF FRANKLIN TEMPLETON ASIA FUND SERIES)

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of Templeton Select Global Leaders Fund and Franklin Select Global Multi-Asset Income Fund for the year ended 31 December 2022 and Franklin Select APAC Quality Income Fund, Franklin Templeton Select APAC Income Fund and Templeton Select APAC Equity Income Fund for the period from 13 August 2021 (date of commencement of operations) to 31 December 2022 (together the "relevant periods") and as at 31 December 2022 (each a separate sub-fund of Franklin Templeton Asia Fund Series and referred to as the "Funds"), which are set out on pages 19 to 74, comprise:

- the statement of financial position as at 31 December 2022;
- the statement of comprehensive income for the relevant periods then ended;
- the statement of changes in net assets attributable to unitholders for the relevant periods then ended;
- the statement of cash flows for the relevant periods then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Funds as at 31 December 2022 and of each of their financial transactions and each of their cash flows for the relevant periods then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Funds in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The Trustee and the Manager (the "Management") of the Funds are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the Financial Statements

The Management of the Funds is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management of the Funds is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Funds is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 5 January 2016, as amended ("Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Funds have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF TEMPLETON SELECT GLOBAL LEADERS FUND, FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND, FRANKLIN SELECT APAC QUALITY INCOME FUND, FRANKLIN TEMPLETON SELECT APAC INCOME FUND AND TEMPLETON SELECT APAC EQUITY INCOME FUND (THE SUB-FUNDS OF FRANKLIN TEMPLETON ASIA FUND SERIES) (CONTINUED)

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and Appendix E of the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18 April 2023

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Templeton Select Global Leaders Fund		Franklin Select Global Multi-Asset Income Fund	
	Note	2022 USD	2021 USD	2022 USD	2021 USD
Assets					
Current assets					
Investments	3	4,671,565	6,219,848	7,231,659	9,780,739
Financial derivative instruments	4	15,181	6,167	13,994	6,196
Dividends, interest and other accounts receivable		1,068	3,266	7,966	6,577
Management fee rebates receivable	5(e),(f)	—	—	280	316
Cash and cash equivalents	6	445,666	503,027	101,991	88,631
Total assets		5,133,480	6,732,308	7,355,890	9,882,459
Liabilities					
Current liabilities					
Financial derivative instruments	4	434	274	424	103
Amounts payable on redemption		—	—	885	65,458
Other accounts payable		41,241	41,246	50,675	51,813
Liabilities (excluding net assets attributable to unitholders)		41,675	41,520	51,984	117,374
Net assets attributable to unitholders	7	5,091,805	6,690,788	7,303,906	9,765,085

Signed for and on behalf of

Franklin Templeton Investments (Asia) Limited
as the Manager

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2022

		Franklin Select APAC Quality Income Fund	Franklin Templeton Select APAC Income Fund
		2022 USD	2022 USD
Assets			
Current assets			
Investments	3	65,395,395	135,417,281
Financial derivative instruments	4	38,722	638
Dividends, interest and other accounts receivable		549,880	—
Margin cash	6	1,180,000	—
Cash and cash equivalents	6	4,852,745	876,330
Total assets		72,016,742	136,294,249
Liabilities			
Current liabilities			
Financial derivative instruments	4	1,316,854	—
Amounts payable on redemption		—	188,072
Other accounts payable		33,198	226,543
Liabilities (excluding net assets attributable to unitholders)		1,350,052	414,615
Net assets attributable to unitholders	7	70,666,690	135,879,634

Signed for and on behalf of

Franklin Templeton Investments (Asia) Limited
as the Manager

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2022

		Templeton Select APAC Equity Income Fund	2022 USD
	Note		
Assets			
Current assets			
Investments	3	114,354,624	
Financial derivative instruments	4	641	
Dividends receivable		146,643	
Due from brokers		61,158	
Cash and cash equivalents	6	2,007,563	
Total assets		<u>116,570,629</u>	
Liabilities			
Current liabilities			
Amounts payable on redemption		43,670	
Other accounts payable		<u>237,262</u>	
Liabilities (excluding net assets attributable to unitholders)		<u>280,932</u>	
Net assets attributable to unitholders	7	<u>116,289,697</u>	

Signed for and on behalf of

Franklin Templeton Investments (Asia) Limited
as the Manager

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD/YEAR ENDED 31 DECEMBER 2022

		Templeton Select Global Leaders Fund		Franklin Select Global Multi-Asset Income Fund	
	Note	2022 USD	2021 USD	2022 USD	2021 USD
Income					
Dividend income		81,082	86,808	215,624	263,630
Interest on bank deposits	5(j)	—	11	20	34
Interest on investments		—	—	5,412	2,413
Other income	5(e),(f)	—	—	3,039	4,426
Change in unrealised gain/loss on fair value of investments		(1,305,286)	42,383	(1,272,003)	(479,234)
Realised (loss)/gain on sale of investments		(48,117)	538,059	(378,028)	1,178,209
Change in unrealised gain/ loss on financial derivative instruments and foreign currency exchange		8,854	2,129	6,669	5,621
Realised (loss)/gain on financial derivative instruments and foreign currency exchange		(163,495)	104,999	(171,434)	100,191
Total investment (loss)/ income		(1,426,962)	774,389	(1,590,701)	1,075,290
Expenses					
Management fee	5(f)	55,711	66,010	68,552	85,799
Trustee fee	5(f)	2,228	2,641	3,226	4,038
Custody fee	5(f)	9,771	20,648	54,304	69,323
Registrar fee	5(f)	2,228	2,641	3,226	4,038
Fund administration fee	5(f)	11,142	13,202	16,130	20,188
Distribution fee		27,856	33,005	40,325	50,470
Audit fee		23,602	26,832	22,310	30,608
Bank charges		—	13	—	153
Interest charge	5(j)	2	—	5	—
Legal and professional fees		12,717	2,072	6,563	17,039
Transaction costs		8,081	9,365	6,030	14,931
Other operating expenses		1,844	7,647	2,907	11,720
Total expenses		155,182	184,076	223,578	308,307
(Loss)/profit before distribution and tax		(1,582,144)	590,313	(1,814,279)	766,983
Finance cost					
Distribution to unitholders	8	—	—	(443,154)	(554,486)
(Loss)/profit after distribution and before tax		(1,582,144)	590,313	(2,257,433)	212,497
Withholding taxes		(16,839)	(15,689)	(16,648)	(27,149)
(Decrease)/increase in net assets attributable to unitholders from operations		(1,598,983)	574,624	(2,274,081)	185,348

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE PERIOD/YEAR ENDED 31 DECEMBER 2022

		Franklin Select APAC Quality Income Fund	Franklin Templeton Select APAC Income Fund
		From 13 August 2021 to 31 December 2022*	From 13 August 2021 to 31 December 2022*
	Note	USD	USD
Income			
Dividend income		–	7,244,699
Interest on bank deposits	5(j)	116	21
Interest on investments		1,919,228	–
Other income		1,200	–
Change in unrealised gain/loss on fair value of investments		(9,507,054)	(23,467,110)
Realised loss on sale of investments		(3,129,540)	(3,107,826)
Change in unrealised gain/loss on financial derivative instruments and foreign currency exchange		(1,215,449)	638
Realised gain/(loss) on financial derivative instruments and foreign currency exchange		3,369,214	(13,766)
Total investment loss		(8,562,285)	(19,343,344)
Expenses			
Management fee	5(f)	993	1,362,423
Trustee fee	5(f)	40,515	83,811
Custody fee	5(f)	76,062	5,420
Registrar fee	5(f)	56	83,811
Fund administration fee	5(f)	283	419,056
Distribution fee		428	703
Audit fee		29,302	19,102
Interest charge	5(j)	6,061	–
Transaction costs		–	29,843
Other operating expenses		4,442	1,348
Total expenses		158,142	2,005,517
Loss before distribution and tax		(8,720,427)	(21,348,861)
Finance cost			
Distribution to unitholders	8	(4,313,239)	(6,157)
Loss after distribution and before tax		(13,033,666)	(21,355,018)
Withholding taxes		(13,247)	–
Decrease in net assets attributable to unitholders from operations		(13,046,913)	(21,355,018)

*13 August 2021 is the date of commencement of operations

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE PERIOD/YEAR ENDED 31 DECEMBER 2022

		Templeton Select
		APAC Equity Income Fund
		From 13 August 2021 to
		31 December 2022*
	Note	USD
Income		
Dividend income		8,251,733
Interest on bank deposits	5(j)	408
Change in unrealised gain/loss on fair value of investments		(14,268,099)
Realised loss on sale of investments		(7,466,102)
Change in unrealised gain/loss on financial derivative instruments and foreign currency exchange		38,274
Realised loss on financial derivative instruments and foreign currency exchange		(490,999)
Total investment loss		(13,934,785)
Expenses		
Management fee	5(f)	579,438
Trustee fee	5(f)	69,993
Custody fee	5(f)	61,119
Registrar fee	5(f)	33,086
Fund administration fee	5(f)	165,432
Distribution fee		712
Audit fee		29,302
Legal and professional fees		2,675
Transaction costs		347,153
Other operating expenses		6,791
Total expenses		1,295,701
Loss before distribution and tax		(15,230,486)
Finance cost		
Distribution to unitholders	8	(2,933,290)
Loss after distribution and before tax		(18,163,776)
Withholding taxes		(954,306)
Decrease in net assets attributable to unitholders from operations		(19,118,082)

*13 August 2021 is the date of commencement of operations

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE PERIOD/YEAR ENDED 31 DECEMBER 2022

	Note	<u>Templeton Select Global Leaders Fund</u>		<u>Franklin Select Global Multi-Asset Income Fund</u>	
		2022 USD	2021 USD	2022 USD	2021 USD
Balance at the beginning of the year		6,690,788	6,439,550	9,765,085	10,757,998
Subscription of units		—	—	676,581	2,297,206
Redemption of units		—	(323,386)	(915,320)	(3,539,344)
Reinvestment of distributions	8	—	—	51,641	63,877
(Decrease)/Increase in net assets attributable to unitholders from operations		(1,598,983)	574,624	(2,274,081)	185,348
Balance at the end of the year	7	5,091,805	6,690,788	7,303,906	9,765,085

	Note	<u>Franklin Select APAC Quality Income Fund</u> From 13 August 2021 to 31 December 2022* USD	<u>Franklin Templeton Select APAC Income Fund</u> From 13 August 2021 to 31 December 2022* USD
Balance at the beginning of the period		—	—
Subscription of units		102,212,803	178,062,323
Redemption of units		(18,499,200)	(20,827,671)
Decrease in net assets attributable to unitholders from operations		(13,046,913)	(21,355,018)
Balance at the end of the period	7	70,666,690	135,879,634

	Note	<u>Templeton Select APAC Equity Income Fund</u> From 13 August 2021 to 31 December 2022* USD
Balance at the beginning of the period		—
Subscription of units		152,202,855
Redemption of units		(16,795,076)
Decrease in net assets attributable to unitholders from operations		(19,118,082)
Balance at the end of the period	7	116,289,697

*13 August 2021 is the date of commencement of operations

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)

FOR THE PERIOD/YEAR ENDED 31 DECEMBER 2022

Number of units in issue**Templeton Select Global Leaders Fund**

Note	Classes of units as at 31 December 2022			Classes of units as at 31 December 2021		
	Class A (Acc) HKD	Class A (Acc) RMB-H1	Class A (Acc) USD	Class A (Acc) HKD	Class A (Acc) RMB-H1	Class A (Acc) USD
Number of units in issue at the beginning of the year	1,188,756.83	1,015,841.41	150,000.00	1,364,475.70	1,019,365.18	150,077.89
Subscription of units	—	—	—	—	—	—
Redemption of units	—	—	—	(175,718.87)	(3,523.77)	(77.89)
Number of units in issue at the end of the year	7 1,188,756.83	1,015,841.41	150,000.00	1,188,756.83	1,015,841.41	150,000.00

Franklin Select Global Multi-Asset Income Fund

Note	Classes of units as at 31 December 2022			Classes of units as at 31 December 2021		
	Class A (Mdis) HKD	Class A (Mdis) RMB-H1	Class A (Mdis) USD	Class A (Mdis) HKD	Class A (Mdis) RMB-H1	Class A (Mdis) USD
Number of units in issue at the beginning of the year	3,806,804.48	1,512,981.54	285,098.35	3,997,501.24	2,017,685.80	299,402.57
Subscription of units	243,224.22	65,847.20	36,081.03	1,320,944.59	314,542.38	18,267.51
Redemption of units	(494,480.92)	(135,442.07)	(21,434.39)	(1,535,823.44)	(832,347.27)	(34,011.65)
Reinvestments	8 27,263.09	8,666.81	1,476.51	24,182.09	13,100.63	1,439.92
Number of units in issue at the end of the year	7 3,582,810.87	1,452,053.48	301,221.50	3,806,804.48	1,512,981.54	285,098.35

Franklin Select APAC Quality Income Fund

Note	Classes of units From 13 August 2021 to 31 December 2022*				
	Class A (acc) USD	Class A (Mdis) HKD	Class A (Mdis) RMB-H1	Class A (Mdis) USD	Class Y (Mdis) USD
Number of units in issue at the beginning of the period	—	—	—	—	—
Subscription of units	500.00	4,122.33	64,846.00	500.00	10,368,440.37
Redemption of units	—	—	—	—	(1,967,702.00)
Number of units in issue at the end of the period	7 500.00	4,122.33	64,846.00	500.00	8,400,738.37

Franklin Templeton Select APAC Income Fund

Note	Classes of units From 13 August 2021 to 31 December 2022*				
	Class A (acc) USD	Class A (Mdis) HKD	Class A (Mdis) RMB-H1	Class A (Mdis) USD	Class C (acc) USD
Number of units in issue at the beginning of the period	—	—	—	—	—
Subscription of units	500.00	3,888.75	64,846.00	500.00	17,752,909.85
Redemption of units	—	—	—	—	(2,258,636.74)
Number of units in issue at the end of the period	7 500.00	3,888.75	64,846.00	500.00	15,494,273.11

*13 August 2021 is the date of commencement of operations

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)

FOR THE PERIOD/YEAR ENDED 31 DECEMBER 2022

Templeton Select APAC Equity Income Fund

	Note	Classes of units					Class Y (Mdis) USD
		Class A (acc) USD	Class A (Mdis) HKD	From 13 August 2021 to 31 December 2022* Class A (Mdis) RMB-H1	Class A (Mdis) USD	Class C (acc) USD	
Number of units in issue at the beginning of the period		—	—	—	—	—	—
Subscription of units		500.00	3,888.75	64,846.00	500.00	7,073,471.19	8,163,564.58
Redemption of units		—	—	—	—	(835,554.25)	(927,425.12)
Number of units in issue at the end of the period	7	500.00	3,888.75	64,846.00	500.00	6,237,916.94	7,236,139.46

*13 August 2021 is the date of commencement of operations

STATEMENT OF CASH FLOWS

FOR THE PERIOD/YEAR ENDED 31 DECEMBER 2022

	Note	<u>Templeton Select Global Leaders Fund</u>		<u>Franklin Select Global Multi-Asset Income Fund</u>	
		2022 USD	2021 USD	2022 USD	2021 USD
Cash flows from operating activities					
Purchase of investments		(4,369,670)	(4,397,342)	(6,787,541)	(12,127,479)
Disposal of investments		4,564,550	4,929,786	7,678,190	13,750,724
Settlement of financial derivative instruments		(163,495)	104,999	(171,434)	100,191
Margin cash received		—	—	—	15,591
Dividend income received		83,280	86,490	214,598	264,921
Interest on bank deposits received		—	11	20	34
Interest on investments received		—	—	13,441	20,985
Management fee paid		(52,777)	(65,706)	(62,069)	(81,932)
Distribution fee paid		(26,387)	(32,853)	(38,320)	(51,013)
Trustee fee paid		(2,111)	(2,629)	(3,066)	(4,081)
Custody fee paid		(9,771)	(20,648)	(54,304)	(69,323)
Registrar fee paid		(2,111)	(2,629)	(3,065)	(4,081)
Fund administration fee paid		(10,556)	(13,141)	(15,328)	(20,405)
Audit fee paid		(25,504)	(23,292)	(25,732)	(25,547)
Bank charges paid		—	(13)	—	(153)
Interest charge paid		(2)	—	(5)	—
Legal and professional fees paid		(12,717)	(2,388)	(4,087)	(18,139)
Other operating expenses paid		(5,170)	(5,256)	(6,576)	(9,885)
Transaction costs paid		(8,081)	(9,365)	(6,030)	(14,931)
Withholding taxes paid		(16,839)	(15,689)	(19,699)	(26,849)
Net cash (used in)/generated from operating activities		(57,361)	530,335	708,993	1,698,628
Cash flows from financing activities					
Subscription of units		—	—	676,581	2,297,206
Redemption of units		—	(323,386)	(979,892)	(3,613,988)
Distributions		—	—	(391,513)	(490,609)
Net cash used in financing activities		—	(323,386)	(694,824)	(1,807,391)
Net (decrease)/increase in cash and cash equivalents		(57,361)	206,949	14,169	(108,763)
Cash and cash equivalents at the beginning of the year	6	503,027	296,078	88,631	197,274
Effect of foreign exchange rate changes		—	—	(809)	120
Cash and cash equivalents at the end of the year	6	445,666	503,027	101,991	88,631

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE PERIOD/YEAR ENDED 31 DECEMBER 2022

		Franklin Select APAC Quality Income Fund	Franklin Templeton Select APAC Income Fund
		From 13 August 2021 to 31 December 2022*	From 13 August 2021 to 31 December 2022*
	Note	USD	USD
Cash flows from operating activities			
Purchase of investments		(99,617,771)	(224,428,436)
Disposal of investments		20,612,506	62,436,220
Settlement of financial derivative instruments		3,369,214	(13,766)
Margin cash paid		(1,180,000)	—
Dividend income received		—	7,244,699
Interest on bank deposits received		116	21
Interest on investments received		2,342,625	—
Other income received		1,200	—
Management fee paid		(889)	(1,216,936)
Distribution fee paid		(383)	(631)
Transaction handling fee paid		—	—
Trustee fee paid		(35,918)	(74,861)
Custody fee paid		(76,062)	(5,420)
Registrar fee paid		(51)	(74,862)
Fund administration fee paid		(254)	(374,307)
Interest charge paid		(6,061)	—
Other operating expenses paid		(5,326)	(2,115)
Transaction costs paid		—	(29,843)
Withholding taxes paid		(13,247)	—
Net cash used in operating activities		(74,610,301)	(156,540,237)
Cash flows from financing activities			
Subscription of units		102,212,803	178,062,323
Redemption of units		(18,499,201)	(20,639,599)
Distributions		(4,313,239)	(6,157)
Net cash generated from financing activities		79,400,363	157,416,567
Net increase in cash and cash equivalents		4,790,062	876,330
Cash and cash equivalents at the beginning of the period	6	—	—
Effect of foreign exchange rate changes		62,683	—
Cash and cash equivalents at the end of the period	6	4,852,745	876,330

*13 August 2021 is the date of commencement of operations

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE PERIOD/YEAR ENDED 31 DECEMBER 2022

		<u>Templeton</u> <u>Select</u> <u>APAC Equity</u> <u>Income Fund</u> From 13 August 2021 to 31 December 2022* USD
	Note	
Cash flows from operating activities		
Purchase of investments		(222,323,582)
Disposal of investments		86,173,598
Settlement of financial derivative instruments		(490,998)
Dividend income received		8,105,090
Interest on bank deposits received		408
Management fee paid		(517,419)
Distribution fee paid		(641)
Trustee fee paid		(62,484)
Custody fee paid		(61,119)
Registrar fee paid		(29,545)
Fund administration fee paid		(147,725)
Legal and professional fees paid		(2,298)
Other operating expenses paid		(7,832)
Transaction costs paid		(347,153)
Withholding taxes paid		(836,530)
Net cash used in operating activities		<u>(130,548,230)</u>
Cash flows from financing activities		
Subscription of units		152,202,855
Redemption of units		(16,751,406)
Distributions		<u>(2,933,290)</u>
Net cash generated from financing activities		<u>132,518,159</u>
Net increase in cash and cash equivalents		1,969,929
Cash and cash equivalents at the beginning of the period	6	—
Effect of foreign exchange rate changes		<u>37,634</u>
Cash and cash equivalents at the end of the period	6	<u>2,007,563</u>

*13 August 2021 is the date of commencement of operations

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD/YEAR ENDED 31 DECEMBER 2022

1 General Information

Franklin Templeton Asia Fund Series (the “Trust”) was constituted under a Trust Deed dated 5 January 2016 and Supplemental Deeds dated 27 December 2019 and 18 February 2021, between Franklin Templeton Investments (Asia) Limited (the “Manager”) and Cititrust Limited (the “Trustee”). The terms of the Trust Deed are governed by the laws of Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”). The Trust is authorised by the Securities and Futures Commission of Hong Kong (the “SFC”).

The Trust is an umbrella fund, whereby comprising five sub-funds, namely Templeton Select Global Leaders Fund, Franklin Select Global Multi-Asset Income Fund, Franklin Select APAC Quality Income Fund, Franklin Templeton Select APAC Income Fund and Templeton Select APAC Equity Income Fund (collectively the “Funds”). Templeton Select Global Leaders Fund and Franklin Select Global Multi-Asset Income Fund were launched and commenced operations on 5 July 2016. Franklin Select APAC Quality Income Fund, Franklin Templeton Select APAC Income Fund and Templeton Select APAC Equity Income Fund were launched and commenced operations on 13 August 2021.

Investment Fund	Objective
Templeton Select Global Leaders Fund	To achieve capital appreciation through a policy of investing in equity securities of companies throughout the world, including emerging markets.
Franklin Select Global Multi-Asset Income Fund	To achieve a level of total return consisting of income and capital appreciation, allowing it to support a steady level of distribution.
Franklin Select APAC Quality Income Fund	To maximise, consistent with prudent investment management, total investment return consisting of a combination of interest income, capital appreciation and currency gains.
Franklin Templeton Select APAC Income Fund	To achieve a level of total return consisting of income and capital appreciation, allowing it to support a steady level of distribution.
Templeton Select APAC Equity Income Fund	To achieve capital appreciation and income generation.

The financial statements of the Funds were authorised by the Manager and the Trustee for issue on 18 April 2023.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the period/year presented unless otherwise stated.

2.1 Basis of presentation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRSs requires the use of certain accounting estimates. It also requires the Trustee and Manager (collectively, the “Management”) to exercise their judgement in the process of applying the Funds’ accounting policies.

(a) Standards and amendments to existing standards effective 13 August 2021/1 January 2022

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 13 August 2021 and 1 January 2022 that have a material effect on the financial statements of the respective Funds.

(b) New standards, amendments and interpretations effective after 13 August 2021/1 January 2022 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 13 August 2021 and 1 January 2022 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the respective Funds.

2 Summary of significant accounting policies (continued)

2.2 Foreign currency translation

(a) Functional and presentation currency

The Funds' net assets are invested globally. The Management considers the United States dollar ("USD") to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The USD is the currency in which the Funds measure their performance and report their results. The financial statements are presented in USD which are the Funds' functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the period/year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gain and loss relating to cash and cash equivalents are presented in the statement of comprehensive income within "change in unrealised gain/loss on financial derivative instruments and foreign currency exchange" and "realised gain/(loss) on financial derivative instruments and foreign currency exchange".

Foreign exchange gain and loss relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within "change in unrealised gain/loss on fair value of investments", "realised gain/(loss) on sale of investments", "change in unrealised gain/loss on financial derivative instruments and foreign currency exchange" and "realised gain/(loss) on financial derivative instruments and foreign currency exchange".

2.3 Financial assets

2.3.1 Classification

(a) Assets

The Funds classify their investments based on both the Funds' business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Funds are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. The Funds have not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Funds' debt securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds' business model's objective. Consequently, all investments are measured at fair value through profit or loss.

(b) Liabilities

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

As such, the Funds classify all of its investment portfolio as financial assets or liabilities as fair value through profit or loss.

The Funds' policy requires the Manager to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

2.3.2 Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Funds commit to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Funds have transferred substantially all risks and rewards of ownership.

2 Summary of significant accounting policies (continued)

2.3 Financial assets (continued)

2.3.2 Recognition, derecognition and measurement (continued)

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the “financial assets or financial liabilities at fair value through profit or loss” category are presented in the statement of comprehensive income within “change in unrealised gain/loss on fair value of investments” and “change in unrealised gain/loss on financial derivative instruments and foreign currency exchange” in the year in which they arise.

2.4 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

Franklin Select Global Multi-Asset Income Fund, Franklin Templeton Select APAC Income Fund and Templeton Select APAC Equity Income Fund considers all of its investments in quoted funds, exchange traded funds and real estate investment trusts together the “Underlying Funds”, to be investments in unconsolidated structured entities. The sub-fund invests in Underlying Funds whose objectives range from achieving medium to long term investment returns. The Underlying Funds apply various investment strategies to accomplish their respective investment objectives. The Underlying Funds finance their operations by issuing redeemable units which are puttable at the holder’s option and entitles the holder to a proportional stake in the respective fund’s net assets. The sub-fund holds redeemable units in each of its Underlying Funds.

The change in fair value of each Underlying Fund is included in the statement of comprehensive income in “change in unrealised gain/loss on fair value of investments” and “realised gain/(loss) on sale of investments”.

2.5 Financial derivative instruments

Financial derivative instruments represent forward foreign exchange contracts, futures, swaps and options. These instruments are entered into principally to manage foreign currency exposures or for trading purposes.

The Funds may enter into forward foreign exchange contracts to mitigate the risks associated with fluctuations in foreign exchange rates. A forward foreign exchange contract is an agreement between two parties to exchange different currencies at an agreed upon exchange rate at a future date. These contracts are valued daily by the Funds and the net unrealised gain or loss on the contracts, as measured by the difference between the contractual forward foreign exchange rates and the forward rates at the year end date, is included in the statement of financial position.

Unrealised gains and losses on financial derivative instruments are presented as assets and liabilities respectively in the statement of financial position. Realised gains and losses and the net change in fair values are recognised in the statement of comprehensive income.

2.6 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Funds utilise the last traded market price as fair valuation inputs for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value. Fixed income securities are valued by using quotes from brokers.

The valuation point of the Funds is at 4:00 pm New York (Eastern time) in the United States on each valuation day. Due to certain markets closing before the valuation point, certain financial assets are valued based on their last traded price with fair value adjustment factors provided by an independent price vendor to adjust the price by an expected market shift. Fair value of those financial assets is determined using observable market data and such financial assets are classified as Level 2.

2 Summary of significant accounting policies (continued)

2.6 Fair value estimation (continued)

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Funds use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent ordinary transactions between market participants, reference to other instruments that are substantially the same, discounted cash flow analysis, options pricing models and other valuation techniques commonly used by market participants.

Franklin Select Global Multi-Asset Income Fund's, Franklin Templeton Select APAC Income Fund's and Templeton Select APAC Equity Income Fund's investments in the Underlying Funds are subject to the terms and conditions of the Underlying Funds' constitutional documents. The investments in the Underlying Funds are valued at fair value which are based on the latest net asset value or market price of the Underlying Funds' redeemable units, as the case may be.

2.7 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy have occurred at the date of the event or change in circumstances that caused the transfer.

2.8 Income and expenses

(a) Dividend income

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Funds' right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Funds, and the amount of the dividend can be measured reliably.

(b) Interest income

Interest income is recognised in the statement of comprehensive income on a time-proportion basis using the effective interest method.

(c) Other income

Other income is recognised in the statement of comprehensive income on an accrual basis.

(d) Expenses

Expenses are recognised in the statement of comprehensive income on an accrual basis.

(e) Preliminary expenses

Preliminary expenses are recognised as an expense in the year in which they are incurred.

2.9 Taxation

No provision for Hong Kong profits tax has been made as the Funds were authorised as collective investment schemes under Section 104 of the Hong Kong Securities and Futures Ordinance and hence their profits are excluded from the charge to profits tax under Section 26A of the Inland Revenue Ordinance.

The Funds may incur withholding taxes on certain investment income. Such income is recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are shown as a separate item in the statement of comprehensive income.

2.10 Proceeds and payments on subscription and redemption of units

The net asset values of the Funds are computed for each dealing day. Prices for subscriptions and redemptions of units are calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

Units in the Funds are classified as liabilities in the statements of financial position. This represents the price at which the unitholders can redeem the units.

2 Summary of significant accounting policies (continued)

2.11 Distributions payable to unitholders

Proposed distributions to unitholders are recognised in the statement of comprehensive income as finance cost when they are appropriately approved by the Manager.

The Manager may at its discretion determine to pay out of income or capital in respect of the distribution of the Funds.

2.12 Receivables

Receivables are initially recorded at fair value, and subsequently carried at amortised cost using the effective interest method. These are short term in nature and the carrying amounts approximate the fair values.

2.13 Cash and cash equivalents

Cash and cash equivalents includes deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.14 Due from and due to brokers

Amounts due from and due to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the year end date respectively. The due from brokers balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Funds shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The amounts due from and due to brokers are short term in nature and the carrying amounts approximate the fair values.

2.15 Accrued expenses

Accrued expenses are recognised initially at fair value, and subsequently stated at amortised cost using the effective interest method. These are short term in nature and the carrying amounts approximate the fair values.

2.16 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2 Summary of significant accounting policies (continued)

2.17 Collateral

Cash collateral provided by Franklin Select APAC Quality Fund is identified in the statement of financial position as margin cash and is not included as a component of cash and cash equivalents. For collateral other than cash, if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral, Franklin Select APAC Quality Fund classifies that asset in its statement of financial position separately from other assets and identifies the asset as pledged collateral. Where the party to whom the collateral is provided does not have the right to sell or re-pledge, a disclosure of the collateral provided is made in the notes to the financial statements.

2.18 Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and security exchanges, and transfer taxes and duties. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense.

3 Financial risk management

The Funds' activities expose it to a variety of financial risks: market risk (including market price risk, currency risk and interest rate risk), credit risk and liquidity risk.

Risks arising from holding financial instruments are inherent in the Funds' activities and are managed through a process of ongoing identification, measurement and monitoring. The risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Funds from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date and risk management policies employed are disclosed in Notes 3.1 to 3.5.

Risks associated with Underlying Funds

Franklin Select Global Multi-Asset Income Fund, Franklin Templeton Select APAC Income Fund and Templeton Select APAC Equity Income Fund's investments in the Underlying Funds are subject to the terms and conditions of the Underlying Funds' offering documentation and is susceptible to market price risk arising from uncertainties about future values of the Underlying Funds.

The right of the sub-funds to request redemption of its investments in the Underlying Funds are on a daily basis. The exchange traded funds are listed on stock exchanges and can be traded daily.

The exposure to the investments in the Underlying Funds at fair value by strategy employed is disclosed in the following tables. These investments are included under "Investments" in the statement of financial position.

Franklin Select Global Multi-Asset Income Fund

31 December 2022	Strategy	Net asset value of the Underlying Funds USD	Investment fair value USD	% of net assets attributable to holders of redeemable units
Quoted Investment Funds				
Franklin High Yield Fund*	Fixed income - high yield	954,972,608	511,563	7.00
Templeton Emerging Markets Bond Fund*	Emerging markets bonds	2,193,217,836	297,676	4.08
Exchange Traded Funds				
Franklin LibertyQ Global Dividend UCITS ETF*	Global equities	317,922	317,922	4.35
HSBC MSCI WORLD UCITS ETF	MSCI World Index	4,581,498,644	516,825	7.08
iShares China CNY Bond UCITS ETF	China bonds	3,423,027,047	112,906	1.55
iShares Core Global Aggregate Bond UCITS ETF	Global bonds	6,367,449,496	646,697	8.85
iShares Core MSCI Pacific ex-Japan UCITS ETF	Asia -Pacific equities (Ex -Japan)	2,698,429,114	45,942	0.63
iShares Global Corp. Bond UCITS ETF	Global corporate bonds	2,797,149,006	671,089	9.19

3 Financial risk management (continued)

Risks associated with Underlying Funds (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

		Net asset value of the Underlying Funds USD	Investment fair value USD	% of net assets attributable to holders of redeemable units
31 December 2022				
Exchange Traded Funds (continued)				
iShares International Treasury Bond ETF	Global government bonds (Ex-US)	1,137,627,094	408,922	5.60
Vanguard Total International Bond ETF	Global bonds	44,489,000,000	620,622	8.50
Listed Real Estate Investment Trusts ("REITs")				
AvalonBay Communities, Inc.	Properties	22,600,583,273	2,261	0.03
Camden Property Trust	Properties	12,321,903,800	2,461	0.03
CapitaLand Ascendas REIT	Properties	7,235,446,469	2,662	0.04
Extra Space Storage, Inc.	Properties	19,710,495,724	2,944	0.04
Gaming and Leisure Properties, Inc.	Properties	13,581,270,993	2,605	0.04
Host Hotels & Resorts, Inc.	Properties	11,450,070,000	2,408	0.03
Medical Properties Trust, Inc.	Properties	6,655,882,640	2,507	0.03
Mid-America Apartment Communities, Inc.	Properties	18,626,120,780	2,512	0.03
Prologis, Inc.	Properties	106,625,895,960	3,156	0.04
Public Storage	Properties	49,107,687,517	20,174	0.28
Scentre Group	Properties	12,744,917,827	3,297	0.04
Simon Property Group, Inc.	Properties	40,284,785,788	5,874	0.08
WP Carey, Inc.	Properties	16,460,027,164	2,970	0.04

* These Underlying Funds are managed by related companies of the Manager within the same group.

Except as otherwise indicated, the net asset values of the Underlying Funds are the latest available information as at 31 December 2022.

		Net asset value of the Underlying Funds USD	Investment fair value USD	% of net assets attributable to holders of redeemable units
31 December 2021				
Quoted Investment Funds				
Franklin High Yield Fund*	Fixed income - high yield	1,278,587,628	739,504	7.57
Templeton Emerging Markets Bond Fund*	Emerging markets bonds	3,349,939,842	393,229	4.03
Exchange Traded Funds				
Franklin LibertyQ Emerging Markets UCITS ETF*	Emerging markets - equities	40,000,000	95,029	0.97
Franklin LibertyQ European Dividend UCITS ETF*	European equities	28,439,987	631,832	6.47
Franklin LibertyQ Global Dividend UCITS ETF*	Global equities	37,000,000	290,459	2.97
HSBC MSCI WORLD UCITS ETF	Global equities	4,332,583,555*	570,012	5.84
iShares China CNY Bond UCITS ETF	China bonds	12,776,125,589*	494,943	5.07
iShares Core Global Aggregate Bond UCITS ETF	Global bonds	5,588,887,737*	737,747	7.56
iShares Global Corporate Bond UCITS ETF	Global corporate bonds	3,384,316,466*	885,999	9.07
Vanguard Total International Bond ETF	Global bonds	46,233,120,256#	685,915	7.02
Listed Real Estate Investment Trusts ("REITs")				
Ascendas REIT	Properties	7,294,151,329#	3,941	0.04
Dexus	Properties	9,379,248,086#	4,312	0.04
Duke Realty Corp.	Properties	21,114,340,632 ¹	5,579	0.06
Goodman Group	Properties	9,868,492,580#	4,562	0.05
GPT Group (The)	Properties	8,432,775,557#	4,230	0.04
Iron Mountain, Inc.	Properties	13,215,039,089\$	5,233	0.05

3 Financial risk management (continued)

Risks associated with Underlying Funds (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

		Net asset value of the Underlying Funds USD	Investment fair value USD	% of net assets attributable to holders of redeemable units
31 December 2021				
Listed Real Estate Investment Trusts ("REITs") (continued)				
Link REIT	Properties	20,998,538,191 [*]	3,524	0.04
Mirvac Group	Properties	6,881,814,276 [#]	4,061	0.04
Segro plc	Properties	15,119,172,948 [†]	14,468	0.15
Stockland	Properties	7,186,083,112 [§]	4,199	0.04
Weyerhaeuser Co.	Properties	25,987,513,440 [~]	6,465	0.07

* These Underlying Funds are managed by related companies of the Manager within the same group.

[†] Latest available information as at 30 November 2021.

[#] Latest available information as at 30 June 2021.

[§] Latest available information as at 27 October 2021.

[~] Latest available information as at 29 October 2021.

[~] Latest available information as at 30 September 2021.

[~] Latest available information as at 26 July 2021.

Franklin Templeton Select APAC Income Fund

		Net asset value of the Underlying Funds USD	Investment fair value USD	% of net assets attributable to holders of redeemable units
31 December 2022				
Quoted Investment Funds				
Franklin Select APAC Quality Income Fund*	APAC Fixed Income	70,666,690	70,575,610	51.94
Templeton Select APAC Equity Income Fund*	APAC Equities	116,289,697	61,480,678	45.25
Exchange Traded Funds				
Amundi MSCI EM Asia UCITS ETF	Emerging markets - equities	1,921,580,000 [*]	1,433,684	1.05
iShares Asia Trust - iShares Core MSCI China ETF	Chinese equities	763,860,494	57,077	0.04
iShares Core MSCI Japan IMI UCITS ETF	Japanese equities	3,539,850,384	1,248,371	0.92
iShares Core MSCI Pacific ex-Japan UCITS ETF	Non Japan Pacific equities	2,698,429,114	621,861	0.46

* These Underlying Funds are managed by related companies of the Manager within the same group.

^{*} Latest available information as at 30 December 2022.

Except as otherwise indicated, the net asset values of the Underlying Funds are the latest available information as at 31 December 2022.

3 Financial risk management (continued)

Risks associated with Underlying Funds (continued)

Templeton Select APAC Equity Income Fund

31 December 2022	Strategy	Net asset value of the Underlying Funds USD	Investment fair value USD	% of net assets attributable to holders of redeemable units
Exchange Traded Funds				
iShares MSCI India ETF	Indian equities	4,560,473,946	5,243,295	4.51
Listed Real Estate Investment Trusts ("REITs")				
Link REIT	Properties	21,729,503,863 ⁺	2,753,550	2.37

⁺ Latest available information as at 30 September 2022.

Except as otherwise indicated, the net asset values of the Underlying Funds are the latest available information as at 31 December 2022.

The sub-funds holding in the Underlying Funds, as a percentage of the respective Underlying Funds' total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the Underlying Funds level. It is possible that the sub-funds may, at any point in time, hold a majority of the Underlying Funds' total units in issue.

Franklin Select Global Multi-Asset Income Fund, Franklin Templeton Select APAC Income Fund and Templeton Select APAC Equity Income Fund maximum exposure to loss from its interests in the Underlying Funds is equal to the total fair value of its investments in the Underlying Funds.

Once the sub-funds has disposed of its units in the Underlying Funds, the sub-funds cease to be exposed to any risk from the Underlying Funds.

The sub-funds investment strategy is stated in Note 1. The following table details the total purchases and sales in the Underlying Funds during the period/year ended 31 December 2022 and 2021.

Purchases	2022 USD	2021 USD
Franklin Select Global Multi-Asset Income Fund	3,289,783	6,894,732
Franklin Templeton Select APAC Income Fund	224,432,013	—
Templeton Select APAC Equity Income Fund	11,775,696	—

Sales	2022 USD	2021 USD
Franklin Select Global Multi-Asset Income Fund	3,811,586	—
Franklin Templeton Select APAC Income Fund	62,409,924	—
Templeton Select APAC Equity Income Fund	2,771,268	—

As at 31 December 2022, there were no capital commitment obligation and no amount due to the Underlying Funds for unsettled purchase (2021: Nil).

The following table details the total net gain/loss derived from investments in the Underlying Funds during the period/year ended 31 December 2022 and 2021.

	2022 USD	2021 USD
Franklin Select Global Multi-Asset Income Fund	(2,260,666)	45,084
Franklin Templeton Select APAC Income Fund	(26,587,691)	—
Templeton Select APAC Equity Income Fund	(1,007,631)	—

3 Financial risk management (continued)

3.1 Market risk

Information on the total fair value of financial instruments exposed to risk, as well as compliance with the established investment guidelines as defined in the Explanatory Memorandum, is monitored by the Manager. These investment guidelines reflect the strategy and market environment of the Funds, as well as the acceptable risk levels. In order to avoid excessive concentration of risk, the Manager monitors the exposure to ensure concentration of risk remains within acceptable levels. The Manager either reduces exposure or uses derivative instruments to manage excessive risk concentrations when they arise.

Although the Manager does not manage the Franklin Select Global Multi-Asset Income Fund, Franklin Templeton Select APAC Income Fund and Templeton Select APAC Equity Income Fund based on specific risk exposures of the Underlying Funds, the sub-funds are exposed to various risks, including market price risk, currency risk, interest rate risk, liquidity risk and credit risk, through the investments of the Underlying Funds.

(a) Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Funds might suffer through holding market positions in the face of price movements. The Funds' market positions are being monitored by the Manager on a daily basis. The risk is minimised through selection of securities in accordance with the investment guidelines and investment strategies.

Value-at-risk ("VaR")

One of the principal tools used to monitor market risk exposure is VaR; which estimates the probability of portfolio losses based on the statistical analysis of historical price trends and volatilities, taking into account inter-relationships between different markets and rates, for example between interest rates and foreign exchange rates. The Funds track VaR as a percentage of Net Asset Value ("NAV"), taking into account its portfolio, cash and outstanding trade positions, on a 20-day holding period at a 99% confidence level.

For the period/year ended 31 December 2022 and 2021, MSCI Barra risk factor model and Bloomberg PORT risk factor model outputs were used to forecast the ex-ante Monte Carlo VaR at the 99% confidence level over a 20-day horizon.

The Manager recognises that while VaR is a valuable guide to risk, it has its limitations. The use of historical data to derive correlations may not encompass all potential events, particularly events which may be extreme in nature. In addition, both the size and probability of actual portfolio losses can differ significantly from the losses predicted by VaR. As a result, VaR may be under-estimated or over-estimated due to the assumptions placed on the risk factors and the relationship between such factors.

Using VaR, the market risk of the Funds have been computed using a 20-day holding period at 99% as follows:

	31 December 2022		31 December 2021	
	%	USD	%	USD
Templeton Select Global Leaders Fund	12.085	620,200	11.544	776,769
Franklin Select Global Multi-Asset Income Fund	7.047	517,759	7.493	739,968
Franklin Select APAC Quality Income Fund	2.521	1,768,482	—	—
Franklin Templeton Select APAC Income Fund	6.063	8,263,520	—	—
Templeton Select APAC Equity Income Fund	11.253	13,094,309	—	—

3 Financial risk management (continued)

3.1 Market risk (continued)

(a) Market price risk (continued)

As at year end, the overall market exposures for the Funds were as follows:

Templeton Select Global Leaders Fund

	31 December 2022		31 December 2021	
	Fair value USD	% of net assets	Fair value USD	% of net assets
Listed Equities				
China	—	—	122,555	1.83
Denmark	108,800	2.14	—	—
France	120,791	2.37	140,633	2.10
Germany	304,874	5.99	337,988	5.05
India	156,856	3.08	89,054	1.33
Ireland	—	—	143,391	2.14
Japan	636,633	12.51	1,050,895	15.72
Norway	—	—	170,921	2.55
South Korea	—	—	224,524	3.36
Switzerland	—	—	187,301	2.80
Taiwan	104,366	2.05	264,992	3.96
United Kingdom	445,055	8.74	334,487	5.00
United States of America	2,794,190	54.87	3,153,107	47.12
Total Investments	4,671,565	91.75	6,219,848	92.96

Franklin Select Global Multi-Asset Income Fund

	31 December 2022		31 December 2021	
	Fair value USD	% of net assets	Fair value USD	% of net assets
Quoted Investment Funds				
Luxembourg	809,239	11.08	1,132,733	11.60
Exchange Traded Funds				
China	—	—	494,943	5.07
Ireland	2,311,381	31.65	3,211,078	32.88
United States of America	1,029,544	14.10	685,915	7.02
Listed Real Estate Investment Trusts ("REITs")				
Australia	3,297	0.04	21,364	0.21
Hong Kong	—	—	3,524	0.04
Singapore	2,662	0.04	3,941	0.04
United Kingdom	—	—	14,468	0.15
United States of America	49,872	0.67	17,277	0.18
Listed Equities				
Australia	47,699	0.66	28,318	0.30
Belgium	6,258	0.09	12,757	0.13
Brazil	20,228	0.28	16,079	0.16
Canada	60,250	0.84	49,265	0.52
Chile	2,100	0.03	3,574	0.04
China	68,929	0.94	86,114	0.88
Denmark	22,479	0.30	40,900	0.41
Finland	9,445	0.13	8,925	0.10
France	85,972	1.18	167,726	1.70
Germany	66,161	0.91	98,856	1.00
Hong Kong	23,525	0.33	30,034	0.30
India	50,552	0.70	90,100	0.92
Indonesia	6,547	0.09	4,110	0.04
Ireland	3,420	0.05	8,902	0.10
Israel	11,845	0.16	8,466	0.09
Italy	3,414	0.05	25,364	0.24
Japan	201,749	2.73	325,332	3.35

3 Financial risk management (continued)

3.1 Market risk (continued)

(a) Market price risk (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

	31 December 2022		31 December 2021	
	Fair value USD	% of net assets	Fair value USD	% of net assets
Listed Equities (continued)				
Luxembourg	—	—	13,494	0.14
Malaysia	5,904	0.08	4,317	0.04
Mexico	7,332	0.10	8,343	0.09
Netherlands	34,667	0.47	57,810	0.59
New Zealand	3,047	0.04	4,185	0.04
Norway	10,492	0.14	4,287	0.04
Russia	—	—	3,312	0.03
Singapore	16,617	0.23	8,347	0.09
South Africa	9,764	0.13	26,391	0.27
South Korea	28,725	0.39	46,246	0.48
Spain	22,395	0.31	43,965	0.45
Sweden	21,087	0.29	53,814	0.55
Switzerland	35,847	0.48	92,841	0.94
Taiwan	36,833	0.50	80,701	0.83
Thailand	7,181	0.10	7,641	0.08
United Arab Emirates	6,082	0.09	8,186	0.08
United Kingdom	116,186	1.59	93,244	0.95
United States of America	1,503,989	20.60	2,253,954	23.11
Quoted Fixed Income Securities				
United States of America	468,943	6.42	379,596	3.89
Total Investments	7,231,659	99.01	9,780,739	100.16

Franklin Select APAC Quality Income Fund

	31 December 2022	
	Fair value USD	% of net assets
Quoted Fixed Income Securities (Unlisted)		
British Pound	365,656	0.52
Euro	4,815,695	6.82
Japanese Yen	3,653,292	5.17
Renminbi	436,763	0.62
United States Dollar	56,123,989	79.41
Total Investments	65,395,395	92.54

3 Financial risk management (continued)

3.1 Market risk (continued)

(a) Market price risk (continued)

Franklin Templeton Select APAC Income Fund

	31 December 2022	
	Fair value USD	% of net assets
Quoted Investment Funds		
Hong Kong	132,056,288	97.19
Exchange Traded Funds		
China	57,077	0.04
Ireland	1,870,232	1.38
Luxembourg	1,433,684	1.05
Total Investments	135,417,281	99.66

Templeton Select APAC Equity Income Fund

	31 December 2022	
	Fair value USD	% of net assets
Exchange Traded Fund		
United States of America	5,243,295	4.51
Listed Real Estate Investment Trusts		
Hong Kong	2,753,550	2.37
Listed Equities		
Australia	5,977,801	5.14
China	20,441,158	17.57
Hong Kong	18,919,949	16.28
India	6,201,900	5.33
Japan	28,223,156	24.28
Singapore	1,443,068	1.24
South Korea	7,970,957	6.85
Taiwan	11,296,821	9.71
Thailand	3,991,465	3.43
United Kingdom	1,891,504	1.63
Total Investments	114,354,624	98.34

There were no individual investments with market value exceeding 10% of each Funds' net asset value at 31 December 2022 and/or 2021 except as disclosed in the table below:

Franklin Templeton Select APAC Income Fund

	2022	
	Fair value USD	% of net assets
Franklin Select APAC Quality Income Fund	70,575,610	51.94
Templeton Select APAC Equity Income Fund	61,480,678	45.25

3 Financial risk management (continued)

3.1 Market risk (continued)

(a) Market price risk (continued)

Franklin Templeton Select APAC Income Fund (continued)

The tables below summarise the sector allocation with concentrations exceeding 10% of the Funds' net asset value at 31 December 2022 and 2021.

Templeton Select Global Leaders Fund

	2022	2021
Sector Allocation	% of net assets	% of net assets
Communication Services	12.23	8.57
Consumer Discretionary	10.72	6.83
Health Care	18.77	20.09
Industrials	16.02	17.74
Information Technology	22.59	19.77

Franklin Select Global Multi-Asset Income Fund

	2022	2021
Sector Allocation	% of net assets	% of net assets
Financials	68.03	66.17
Information Technology	6.67	10.16

Franklin Select APAC Quality Income Fund

	2022
Sector Allocation	% of net assets
Financials	48.09
Utilities	14.33

Franklin Templeton Select APAC Income Fund

	2022
Sector Allocation	% of net assets
Financials	99.66

Templeton Select APAC Equity Income Fund

	2022
Sector Allocation	% of net assets
Communication Services	11.48
Consumer Discretionary	12.91
Financials	17.85
Information Technology	20.43
Real Estate	12.10

(b) Currency risk

The Funds hold assets and liabilities denominated in currencies other than the USD, the functional currency. The Funds are therefore exposed to currency risk, as the values of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

The Manager monitors the Funds' currency risk position on a daily basis and may enter into forward foreign exchange contracts to minimise the foreign exchange risk arising from the purchase or sale of foreign securities from the trade date to settlement date.

The outstanding forward foreign exchange contracts at the year end are disclosed in Note 4. The risks of these contracts include movements in the values of the foreign currencies relative to the USD and the possible inability of the counterparties to fulfill their obligations under the contracts, which may be in excess of the amount reflected in the statement of financial position.

3 Financial risk management (continued)

3.1 Market risk (continued)

(b) Currency risk (continued)

The following tables summarise the Funds' net exposure, monetary and non-monetary, which are denominated in the currencies other than USD and Hong Kong dollar, which are pegged within a narrow range, as at year end.

Templeton Select Global Leaders Fund

	Monetary USD	Non-monetary USD
As at 31 December 2022		
CNH	1,773,618	—
DKK	—	108,800
EUR	—	639,116
GBP	—	445,055
JPY	252	636,633
TWD	508	104,366

	Monetary USD	Non-monetary USD
As at 31 December 2021		
CHF	—	187,301
CNH	2,417,755	—
EUR	—	590,026
GBP	—	223,082
JPY	—	1,050,894
KRW	810	224,524
NOK	—	170,921
TWD	941	264,992

Franklin Select Global Multi-Asset Income Fund

	Monetary USD	Non-monetary USD
As at 31 December 2022		
AED	—	6,081
AUD	39	50,412
BRL	1,529	18,535
CAD	62	56,599
CHF	8	54,506
CLP	—	2,100
CNH	1,631,977	—
DKK	—	22,478
EUR	103	266,941
GBP	467	117,177
IDR	—	6,547
ILS	35	5,915
INR	628	50,552
JPY	400	201,751
KRW	864	28,726
MXN	—	7,332
MYR	—	5,904
NOK	1	10,492
NZD	24	3,047
RUB	—	—
SEK	—	21,087
SGD	—	8,903
THB	—	7,181
TWD	21	36,833
ZAR	—	9,764

3 Financial risk management (continued)

3.1 Market risk (continued)

(b) Currency risk (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

	Monetary USD	Non-monetary USD
As at 31 December 2021		
AED	–	8,186
AUD	227	40,357
BRL	(146)	16,079
CAD	92	49,264
CHF	–	92,841
CLP	64	3,574
CNH	2,381,218	–
CNY	4,341	9,236
DKK	–	40,900
EUR	123	1,094,514
GBP	239	112,317
IDR	–	4,110
ILS	–	4,969
INR	(2,056)	90,100
JPY	586	325,336
KRW	890	46,247
MXN	–	8,343
MYR	–	4,317
NOK	–	4,287
NZD	–	4,185
RUB	–	3,312
SEK	46	53,814
SGD	–	7,570
THB	–	7,640
TWD	–	80,702
ZAR	–	21,706

Franklin Select APAC Quality Income Fund

	Monetary USD	Non-monetary USD
As at 31 December 2022		
CNH	(934,139)	–
CNY	763,712	–
EUR	(787,286)	–
GBP	(44,373)	–
JPY	(143,432)	–
PLN	(79,566)	–

Franklin Templeton Select APAC Income Fund

	Monetary USD	Non-monetary USD
As at 31 December 2022		
CNH	76,907	–

3 Financial risk management (continued)

3.1 Market risk (continued)

(b) Currency risk (continued)

Templeton Select APAC Equity Income Fund

	Monetary USD	Non-monetary USD
As at 31 December 2022		
AUD	–	5,977,801
CNH	76,445	–
INR	(117,777)	6,201,900
JPY	–	28,223,156
KRW	120,285	7,970,957
SGD	–	1,443,068
THB	–	3,991,465
TWD	87,457	11,296,821

Foreign currency risk, as defined in HKFRS 7, arises as the value of future transactions, recognised monetary assets and liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. HKFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk, not foreign currency risk. However, the Manager monitors the exposure on all foreign currency denominated assets and liabilities. The sensitivity analysis of currency risk is covered under VaR analysis in Note 3.1(a).

(c) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or fair values of financial instruments. The Franklin Select Global Multi-Asset Income Fund and Franklin Select APAC Quality Income Fund invests in interest-bearing securities, as dictated by its investment objectives. The sub-funds are exposed to risks associated with fluctuations in market interest rates which could result in an increase or decrease in the value of the securities held. The Manager monitors overall interest sensitivity on a daily basis.

The Templeton Select Global Leaders Fund, Franklin Templeton Select APAC Income Fund and Templeton Select APAC Equity Income Fund does not hold interest-bearing securities and exposure to cash and cash equivalents is short term in nature, hence it is not subject to significant interest rate risk.

The tables below summarise the interest rate risk exposure in the Franklin Select Global Multi-Asset Income Fund and Franklin Select APAC Quality Income Fund. It includes the sub-fund's assets and liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates.

Franklin Select Global Multi-Asset Income Fund

	Less than 1 month USD	1 - 12 months USD	More than 1 year USD	Non-interest bearing USD	Total USD
As at 31 December 2022					
Assets					
Current assets					
Investments	–	200,756	268,187	6,762,716	7,231,659
Financial derivative instruments	–	–	–	13,994	13,994
Dividends, interest and other accounts receivable	–	–	–	7,966	7,966
Management fee rebates receivable	–	–	–	280	280
Cash and cash equivalents	101,991	–	–	–	101,991
Total assets	101,991	200,756	268,187	6,784,956	7,355,890

3 Financial risk management (continued)

3.1 Market risk (continued)

(c) Interest rate risk (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

	Less than 1 month USD	1 - 12 months USD	More than 1 year USD	Non-interest bearing USD	Total USD
As at 31 December 2022 (continued)					
Liabilities					
Current liabilities					
Financial derivative instruments	—	—	—	424	424
Amounts payable on redemption	—	—	—	885	885
Other accounts payable	—	—	—	50,675	50,675
Total liabilities	—	—	—	51,984	51,984
Total interest sensitivity gap	101,991	200,756	268,187		

	Less than 1 month USD	More than 1 year USD	Non-interest bearing USD	Total USD
As at 31 December 2021				
Assets				
Current assets				
Investments	—	379,596	9,401,143	9,780,739
Financial derivative instruments	—	—	6,196	6,196
Dividends, interest and other accounts receivable	—	—	6,577	6,577
Management fee rebates receivable	—	—	316	316
Cash and cash equivalents	88,631	—	—	88,631
Total assets	88,631	379,596	9,414,232	9,882,459
Liabilities				
Current liabilities				
Financial derivative instruments	—	—	103	103
Amounts payable on redemption	—	—	65,458	65,458
Other accounts payable	—	—	51,813	51,813
Total liabilities	—	—	117,374	117,374
Total interest sensitivity gap	88,631	379,596		

Franklin Select APAC Quality Income Fund

	Less than 1 month USD	1 - 12 months USD	More than 1 year USD	Non-interest bearing USD	Total USD
As at 31 December 2022					
Assets					
Current assets					
Investments	—	5,013,243	60,382,152	—	65,395,395
Financial derivative instruments	—	—	—	38,722	38,722
Dividends and other account receivable	—	—	—	549,880	549,880
Margin cash	1,180,000	—	—	—	1,180,000
Cash and cash equivalents	4,852,745	—	—	—	4,852,745
Total assets	6,032,745	5,013,243	60,382,152	588,602	72,016,742
Liabilities					
Current liabilities					
Financial derivative instruments	—	—	—	1,316,854	1,316,854
Other accounts payable	—	—	—	33,198	33,198
Total liabilities	—	—	—	1,350,052	1,350,052
Total interest sensitivity gap	6,032,745	5,013,243	60,382,152		

Cash and cash equivalents held in the Funds are also subject to interest rate risk. However, the exposure to interest rate risk is considered immaterial as the cash and cash equivalents are short-term in nature. The sensitivity analysis of interest rate risk of the interest-bearing securities is covered under VaR analysis in Note 3.1(a).

3 Financial risk management (continued)

3.2 Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities. The Funds are exposed to daily cash redemption of units. Therefore, assets of the Funds are mainly invested in securities which are traded in active markets and can be readily disposed of. The Manager is entitled to limit the number of units redeemed on each dealing day to 10% of the total value of units in issue. In addition, sufficient cash and cash equivalents are maintained to meet normal operating requirements.

The following tables analyse the financial assets and liabilities for the Funds into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flow. Balances due within 12 months approximate their carrying balances, as the impact of discounting is not significant.

Templeton Select Global Leaders Fund

	Less than 1 month USD	1-12 months USD	Total USD
As at 31 December 2022			
Assets			
Current assets			
Investments	4,671,565	—	4,671,565
Financial derivative instruments	15,181	—	15,181
Dividends and other accounts receivable	591	477	1,068
Cash and cash equivalents	445,666	—	445,666
Total assets	5,133,003	477	5,133,480
Liabilities			
Current liabilities			
Financial derivative instruments	434	—	434
Other accounts payable	15,178	26,063	41,241
Net assets attributable to unitholders	5,091,805	—	5,091,805
Total liabilities	5,107,417	26,063	5,133,480
As at 31 December 2021			
Assets			
Current assets			
Investments	6,219,848	—	6,219,848
Financial derivative instruments	6,167	—	6,167
Dividends and other accounts receivable	2,456	810	3,266
Cash and cash equivalents	503,027	—	503,027
Total assets	6,731,498	810	6,732,308
Liabilities			
Current liabilities			
Financial derivative instruments	274	—	274
Other accounts payable	9,955	31,291	41,246
Net assets attributable to unitholders	6,690,788	—	6,690,788
Total liabilities	6,701,017	31,291	6,732,308

3 Financial risk management (continued)

3.2 Liquidity risk (continued)

Franklin Select Global Multi-Asset Income Fund

	Less than 1 month USD	1-12 months USD	1-5 years USD	More than 5 years USD	Total USD
As at 31 December 2022					
Assets					
Current assets					
Investments	6,762,717	200,756	77,762	190,424	7,231,659
Financial derivative instruments	13,994	—	—	—	13,994
Dividends, interest and other accounts receivable	2,098	5,868	—	—	7,966
Management fee rebates receivable	280	—	—	—	280
Cash and cash equivalents	101,991	—	—	—	101,991
Total assets	6,881,080	206,624	77,762	190,424	7,355,890
Liabilities					
Current liabilities					
Financial derivative instruments	424	—	—	—	424
Amounts payable on redemption	885	—	—	—	885
Other accounts payable	19,365	31,310	—	—	50,675
Net assets attributable to unitholders	7,303,906	—	—	—	7,303,906
Total liabilities	7,324,580	31,310	—	—	7,355,890
As at 31 December 2021					
Assets					
Current assets					
Investments	9,401,143	—	93,971	285,625	9,780,739
Financial derivative instruments	6,196	—	—	—	6,196
Dividends, interest and other accounts receivable	872	5,705	—	—	6,577
Management fee rebates receivable	316	—	—	—	316
Cash and cash equivalents	88,631	—	—	—	88,631
Total assets	9,497,158	5,705	93,971	285,625	9,882,459
Liabilities					
Current liabilities					
Financial derivative instruments	103	—	—	—	103
Amounts payable on redemption	65,458	—	—	—	65,458
Other accounts payable	15,881	35,932	—	—	51,813
Net assets attributable to unitholders	9,765,085	—	—	—	9,765,085
Total liabilities	9,846,527	35,932	—	—	9,882,459

3 Financial risk management (continued)

3.2 Liquidity risk (continued)

Franklin Select APAC Quality Income Fund

	Less than 1 month USD	1-12 months USD	1-5 years USD	More than 5 years USD	Total USD
As at 31 December 2022					
Assets					
Current assets					
Investments	—	5,013,243	32,629,628	27,752,524	65,395,395
Financial derivative instruments	38,722	—	—	—	38,722
Dividends and other accounts receivable	198,539	351,341	—	—	549,880
Margin cash	1,180,000	—	—	—	1,180,000
Cash and cash equivalents	4,852,745	—	—	—	4,852,745
Total assets	6,270,006	5,364,584	32,629,628	27,752,524	72,016,742
Liabilities					
Current liabilities					
Financial derivative instruments	1,316,854	—	—	—	1,316,854
Other accounts payable	4,781	28,417	—	—	33,198
Net assets attributable to unitholders	70,666,690	—	—	—	70,666,690
Total liabilities	71,988,325	28,417	—	—	72,016,742

Franklin Templeton Select APAC Income Fund

	Less than 1 month USD	1-12 months USD	Total USD
As at 31 December 2022			
Assets			
Current assets			
Investments	135,417,281	—	135,417,281
Financial derivative instruments	638	—	638
Cash and cash equivalents	876,330	—	876,330
Total assets	136,294,249	—	136,294,249
Liabilities			
Current liabilities			
Amounts payable on redemption	188,072	—	188,072
Other accounts payable	208,207	18,336	226,543
Net assets attributable to unitholders	135,879,634	—	135,879,634
Total liabilities	136,275,913	18,336	136,294,249

Templeton Select APAC Equity Income Fund

	Less than 1 month USD	1-12 months USD	Total USD
As at 31 December 2022			
Assets			
Current assets			
Investments	114,354,624	—	114,354,624
Financial derivative instruments	641	—	641
Dividends and other accounts receivable	26,358	120,285	146,643
Due from brokers	61,158	—	61,158
Cash and cash equivalents	2,007,563	—	2,007,563
Total assets	116,450,344	120,285	116,570,629

3 Financial risk management (continued)

3.2 Liquidity risk (continued)

Templeton Select APAC Equity Income Fund (continued)

	Less than 1 month USD	1-12 months USD	Total USD
As at 31 December 2022 (continued)			
Liabilities			
Current liabilities			
Amounts payable on redemption	43,670	–	43,670
Other accounts payable	208,624	28,638	237,262
Net assets attributable to unitholders	116,289,697	–	116,289,697
Total liabilities	116,541,991	28,638	116,570,629

Units are redeemed on demand at unitholder's option. However, the Management does not envisage that contractual maturity disclosed in the table above will be representative of the actual cash outflows, as the unitholders typically retain their units for the medium term. The table below summarises the number of unitholders who held more than 10% of the Funds' net assets attributable to unitholders as at 31 December 2022 and 2021:

	2022 Number of unitholders	2021 Number of unitholders
Templeton Select Global Leaders Fund	1	1
Franklin Select Global Multi-Asset Income Fund	3	3
Franklin Select APAC Quality Income Fund	1	–
Franklin Templeton Select APAC Income Fund	1	–
Templeton Select APAC Equity Income Fund	2	–

3.3 Credit risk

This relates to the risk that an issuer or counterparty is unable or unwilling to meet a commitment or obligation it has entered into with the Funds. The Funds are exposed to credit risk on its investments in debt securities and balances with banks and brokers. Impairment provisions are made for losses that have been incurred by the reporting date, if any.

All transactions in listed/quoted securities are settled on a delivery versus payment basis using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made when the Funds' custodian banks have received payments. For a purchase, payments are made once the securities have been received by the Funds' custodian bank. The trade will fail if either party fails to meet its obligation.

The Funds only buy and sell securities through brokers who have been approved as an acceptable counterparty according to the Manager's internal counterparty credit review procedures. The Funds measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2022, all investments, amounts due from brokers, financial derivative instruments, margin cash and cash and cash equivalents are held with counterparties with a Moody's credit rating of A1 or higher (31 December 2021: A2). Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds.

Investments in Underlying Funds are managed by reputable investment managers that have passed the review process of the Manager.

3 Financial risk management (continued)

3.3 Credit risk (continued)

The table below summarises the credit ratings of the issuers of the fixed income securities held as a percentage of net assets attributable to unitholders.

Franklin Select Global Multi-Asset Income Fund

	2022 %	2021 %
Portfolio by rating category		
Standard & Poor's/ Moody's Rating		
AA+/ Aa1	6.42	3.89

Franklin Select APAC Quality Income Fund

	2022 %
Portfolio by rating category	
Standard & Poor's/ Moody's Rating	
AAA/ Aaa	6.30
AA/ Aa2	8.81
AA-/ Aa3	4.32
A+/ A1	14.72
A/ A2	2.40
A-/ A3	11.66
BBB+/ Baa1	10.22
BBB/ Baa2	13.74
BBB-/ Baa3	13.59
BB+/Ba1	0.12
BB/Ba2	3.11
BB-/Ba3	1.91
B+/B1	0.97
B/B2	0.46
B-/B3	0.21

The Fund's maximum exposure to credit risks at 31 December 2022 and 2021 is the carrying amount of the financial assets.

3.4 Capital risk management

The capital of the Funds is represented by the net assets attributable to unitholders which is presented in the statement of financial position. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily subscriptions and redemptions at the discretion of unitholders.

The Funds' objectives when managing capital are to safeguard the Funds' ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders; and to maintain a strong capital base to support the development of the investment activities of the Funds. The Manager monitors capital on the basis of the net asset value and the subscriptions and redemptions of the Funds.

3.5 Fair value estimation

The fair value of financial assets and financial liabilities traded in active markets are based on quoted market prices at the close of trading on the year end date. The Funds used the last traded market price as their fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker and industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

3 Financial risk management (continued)

3.5 Fair value estimation (continued)

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Funds for similar financial instruments.

HKFRS 13 requires the Funds to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Funds. The Funds consider observable data to be that market data that are readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables analyse, within the fair value hierarchy, the Funds’ investments measured at fair value as at year end:

Templeton Select Global Leaders Fund

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2022				
Assets				
Equity securities	2,580,738	2,090,827	–	4,671,565
Forward foreign exchange contracts	–	15,181	–	15,181
	2,580,738	2,106,008	–	4,686,746
Liabilities				
Forward foreign exchange contracts	–	434	–	434
	–	434	–	434

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2021				
Assets				
Equity securities	3,578,824	2,641,024	–	6,219,848
Forward foreign exchange contracts	–	6,167	–	6,167
	3,578,824	2,647,191	–	6,226,015
Liabilities				
Forward foreign exchange contracts	–	274	–	274
	–	274	–	274

3 Financial risk management (continued)

3.5 Fair value estimation (continued)

Franklin Select Global Multi-Asset Income Fund

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2022				
Assets				
Quoted investment funds	809,239	—	—	809,239
Exchange traded funds	1,029,544	2,311,381	—	3,340,925
Real estate investment trusts	49,872	5,959	—	55,831
Equity securities	1,551,439	1,005,282	—	2,556,721
Fixed income securities	—	468,943	—	468,943
Forward foreign exchange contracts	—	13,994	—	13,994
	3,440,094	3,805,559	—	7,245,653
Liabilities				
Forward foreign exchange contracts	—	424	—	424
	—	424	—	424

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2021				
Assets				
Quoted investment funds	—	1,132,733	—	1,132,733
Exchange traded funds	2,309,661	2,082,275	—	4,391,936
Real estate investment trusts	17,277	43,297	—	60,574
Equity securities	2,323,948	1,491,952	—	3,815,900
Fixed income securities	—	379,596	—	379,596
Forward foreign exchange contracts	—	6,196	—	6,196
	4,650,886	5,136,049	—	9,786,935
Liabilities				
Forward foreign exchange contracts	—	103	—	103
	—	103	—	103

Franklin Select APAC Quality Income Fund

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2022				
Assets				
Fixed income securities	—	65,395,395	—	65,395,395
Forward foreign exchange contracts	—	38,722	—	38,722
	—	65,434,117	—	65,434,117
Liabilities				
Forward foreign exchange contracts	—	1,316,854	—	1,316,854
	—	1,316,854	—	1,316,854

Franklin Templeton Select APAC Income Fund

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2022				
Assets				
Quoted investment funds	132,056,288	—	—	132,056,288
Exchange traded funds	—	3,360,993	—	3,360,993
Forward foreign exchange contracts	—	638	—	638
	132,056,288	3,361,631	—	135,417,919

3 Financial risk management (continued)

3.5 Fair value estimation (continued)

Templeton Select APAC Equity Income Fund

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31 December 2022				
Assets				
Exchange traded funds	5,243,295	—	—	5,243,295
Real estate investment trusts	—	2,753,550	—	2,753,550
Equity securities	—	106,357,779	—	106,357,779
Forward foreign exchange contracts	—	641	—	641
	5,243,295	109,111,970	—	114,355,265

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities, exchange traded funds, real estate investment trusts and future contracts. The Funds do not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2, include quoted investment funds, fixed income securities and forward foreign exchange contracts. As such Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Level 2 investments may also include securities whose last traded prices have been adjusted by fair value adjustment factors provided by an independent price vendor. Refer to Note 2.6.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. As observable prices are not available for these securities, these securities use valuation techniques to derive the fair value.

As at 31 December 2022 and 2021, Templeton Select Global Leaders Fund did not have investments classified within Level 3.

As at 31 December 2022, Franklin Select APAC Quality Income Fund, Franklin Templeton Select APAC Income Fund and Templeton Select APAC Equity Income Fund did not have investments classified within Level 3.

As of 31 December 2022, Franklin Select Global Multi-Asset Income Fund held an equity security of TCS Group Holding plc, a company incorporated in Cyprus and listed in Moscow Exchange ("MOEX"). TCS Group Holding plc is still trading in MOEX, however, the Manager has taken into consideration of the trading restrictions in MOEX imposed on foreign investors, and the impact on business of TCS Group due to the economic sanctions in relation to Russia, and has subsequently arrived at a best estimation and marked down the fair value of such equity security to zero as at 31 December 2022 from USD3,312 as at 31 December 2021. The fair value of such equity security is estimated by the Manager based on the relevant market information of TCS Group and no unobservable inputs is adopted. As at 31 December 2021 Franklin Select Global Multi-Asset Income Fund did not have investments classified within Level 3.

Russia's military invasion of Ukraine in February 2022, the resulting responses by the United States and other countries, and the potential for wider conflict could increase volatility and uncertainty in the financial markets and adversely affect regional and global economies. The United States and other countries have imposed broad-ranging economic sanctions on Russia and certain Russian individuals, banking entities and corporations as a response to its invasion of Ukraine. The United States and other countries have also imposed economic sanctions on Belarus and may impose sanctions on other countries that support Russia's military invasion. These sanctions, as well as any other economic consequences related to the invasion, such as additional sanctions, boycotts or changes in consumer or purchaser preferences or cyberattacks on governments, companies or individuals, may further decrease the value and liquidity of certain Russian securities and securities of issuers in other countries that are subject to economic sanctions related to the invasion. The extent and duration of Russia's military actions and the repercussions of such actions (including any retaliatory actions or countermeasures that may be taken by those subject to sanctions) are impossible to predict, but could result in significant market disruptions, including in the oil and natural gas markets, and may negatively affect global supply chains, inflation and global growth. These and any related events could significantly impact the Fund's performance and the value of an investment in the Fund, even beyond any direct exposure the Fund may have to Russian issuers or issuers in other countries affected by the invasion. The Manager will continue to assess the impact on valuations and liquidity and will take any actions needed in accordance with relevant provisions of the constitutive documents.

3 Financial risk management (continued)

3.5 Fair value estimation (continued)

The following table presents the movement in the Level 3 instrument in Franklin Select Global Multi-Asset Income Fund for the year ended 31 December 2022 and 2021.

	2022 USD	2021 USD
Opening balance	–	61
Transfers from Level 2 to Level 3	29	–
Sales	–	(1,165)
(Loss)/gain recognized in statement of comprehensive income	(29)	1,104
Closing balance	–	–
Total unrealized gain for the year included in statement of comprehensive income for investments held at the end of the year	–	–

The following table presents the transfers between levels for the period/year ended 31 December 2022.

	Level 1 USD	Level 2 USD	Level 3 USD
Franklin Select Global Multi-Asset Income Fund			
Transfers between levels 1 and 2:			
Exchange Traded Funds			
Financials	(1,597,742)	1,597,742	–
Franklin Select Global Multi-Asset Income Fund			
Transfers between levels 2 and 3:			
Equity Securities			
Financials	–	(29)	29
	Level 1 USD	Level 2 USD	Level 3 USD
Templeton Select APAC Equity Income Fund			
Transfers between levels 1 and 2:			
Equity Securities			
Consumer Discretionary	(2,514,540)	2,514,540	–
Information Technology	(2,982,660)	2,982,660	–

The following table presents the transfers between levels for the year ended 31 December 2021.

	Level 1 USD	Level 2 USD	Level 3 USD
Franklin Select Global Multi-Asset Income Fund			
Transfers between levels 1 and 2:			
Exchange Traded Funds			
Financials	(487,936)	487,936	–
Financials	886,011	(886,011)	–
Equity Securities			
Utilities	3,803	(3,803)	–

The exchange traded funds and equity securities that were transferred out of Level 1 to Level 2 relate to positions whose last traded prices were adjusted by fair value adjustment factors.

There were equity securities that were transferred out of Level 2 to Level 1 due to the fair value adjustment factors was not applied during the year ended 31 December 2022.

There were no transfers between levels for Templeton Select Global Leaders Fund, Franklin Select APAC Quality Income Fund and Franklin Templeton Select APAC Income Fund for the period/year ended 31 December 2022 and 31 December 2021.

The assets and liabilities, except investments and financial derivative instruments, included in the statement of financial position are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

4 Financial derivative instruments

Financial derivative instruments as at year end comprises unrealised gain/(loss) on forward foreign exchange contracts and future contracts.

	<u>Templeton Select Global Leaders Fund</u>		<u>Franklin Select Global Multi-Asset Income Fund</u>	
	2022 USD	2021 USD	2022 USD	2021 USD
Assets				
Current assets				
Financial derivative instruments				
- Forward foreign exchange contracts	15,181	6,167	13,994	6,196
Total	15,181	6,167	13,994	6,196
Liabilities				
Current liabilities				
Financial derivative instruments				
- Forward foreign exchange contracts	434	274	424	103
Total	434	274	424	103

	<u>Franklin Select APAC Quality Income Fund</u>	<u>Franklin Templeton Select APAC Income Fund</u>
	2022 USD	2022 USD
Assets		
Current assets		
Financial derivative instruments		
- Forward foreign exchange contracts	38,722	638
Total	38,722	638
Liabilities		
Current liabilities		
Financial derivative instruments		
- Forward foreign exchange contracts	1,316,854	—
Total	1,316,854	—

	<u>Templeton Select APAC Equity Income Fund</u>
	2022 USD
Assets	
Current assets	
Financial derivative instruments	
- Forward foreign exchange contracts	641
Total	641

The outstanding forward foreign exchange contracts as at the year end date are as follows:

Templeton Select Global Leaders Fund

31 December 2022

	Contracts to Buy / (Sell)	Contract Amount USD	Settlement Date	Unrealised Gain USD
CNH	12,650,608	(1,814,127)	13/01/2023	15,181
Unrealised gain on forward foreign exchange contracts				15,181
	Contracts to Buy / (Sell)	Contract Amount USD	Settlement Date	Unrealised Loss USD
CNH	(385,123)	55,256	13/01/2023	(434)
Unrealised loss on forward foreign exchange contracts				(434)
Net unrealised gain on forward foreign exchange contracts				14,747

4 Financial derivative instruments (continued)

Templeton Select Global Leaders Fund (continued)

31 December 2021

	Contracts to Buy / (Sell)	Contract Amount USD	Settlement Date	Unrealised Gain USD
CNH	15,510,947	2,428,715	14/01/2022	6,060
CNH	487,479	76,413	14/01/2022	107
Unrealised gain on forward foreign exchange contracts				<u>6,167</u>

	Contracts to Buy / (Sell)	Contract Amount USD	Settlement Date	Unrealised Loss USD
CNH	(595,907)	93,267	14/01/2022	(274)
Unrealised loss on forward foreign exchange contracts				<u>(274)</u>

Net unrealised gain on forward foreign exchange contracts				<u>5,893</u>
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Franklin Select Global Multi-Asset Income Fund

31 December 2022

	Contracts to Buy / (Sell)	Contract Amount USD	Settlement Date	Unrealised Gain USD
CNH	11,660,744	(1,672,178)	13/01/2023	13,993
CNH	992	(142)	13/01/2023	1
Unrealised gain on forward foreign exchange contracts				<u>13,994</u>

	Contracts to Buy / (Sell)	Contract Amount USD	Settlement Date	Unrealised Loss USD
CNH	(33,693)	4,844	13/01/2023	(28)
CNH	(342,318)	49,104	13/01/2023	(396)
Unrealised loss on forward foreign exchange contracts				<u>(424)</u>

Net unrealised gain on forward foreign exchange contracts				<u>13,570</u>
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31 December 2021

	Contracts to Buy / (Sell)	Contract Amount USD	Settlement Date	Unrealised Gain USD
CNH	15,817,580	2,476,728	14/01/2022	6,180
CNH	29,340	4,590	14/01/2022	16
Unrealised gain on forward foreign exchange contracts				<u>6,196</u>

	Contracts to Buy / (Sell)	Contract Amount USD	Settlement Date	Unrealised Loss USD
CNH	(32,347)	5,072	14/01/2022	(6)
CNH	(38,462)	6,023	14/01/2022	(15)
CNH	(194,110)	30,388	14/01/2022	(82)
Unrealised loss on forward foreign exchange contracts				<u>(103)</u>

Net unrealised gain on forward foreign exchange contracts				<u>6,093</u>
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4 Financial derivative instruments (continued)

Franklin Select APAC Quality Income Fund

31 December 2022

	Contracts to Buy / (Sell)	Contract Amount USD	Settlement Date	Unrealised Gain USD
AUD	850,000	(573,660)	25/01/2023	5,585
CNH	547,900	(78,570)	13/01/2023	657
EUR	2,000,000	(2,111,736)	25/01/2023	32,480*
Unrealised gain on forward foreign exchange contracts				<u>38,722</u>

	Contracts to Buy / (Sell)	Contract Amount USD	Settlement Date	Unrealised Loss USD
AUD	(850,000)	534,368	25/01/2023	(44,877)
CNH	(6,540)	938	13/01/2023	(8)
CNH	(5,000,000)	691,158	20/01/2023	(32,275)
EUR	(7,550,000)	7,439,650	25/01/2023	(654,765)*
GBP	250,000	(306,165)	17/01/2023	(3,826)*
GBP	(600,000)	675,382	17/01/2023	(50,231)*
JPY	(500,000,000)	3,380,167	25/01/2023	(439,725)
PLN	(3,250,000)	649,794	25/01/2023	(91,147)
Unrealised loss on forward foreign exchange contracts				<u>(1,316,854)</u>

Net unrealised loss on forward foreign exchange contracts (1,278,132)

* The counterparty of these outstanding forward foreign exchange contracts is a related party of the Trustee. Refer to Note 5(h) for details.

Franklin Templeton Select APAC Income Fund

31 December 2022

	Contracts to Buy / (Sell)	Contract Amount USD	Settlement Date	Unrealised Gain USD
CNH	531,849	(76,268)	13/01/2023	638
Net unrealised gain on forward foreign exchange contracts				<u>638</u>

Templeton Select APAC Equity Income Fund

31 December 2022

	Contracts to Buy / (Sell)	Contract Amount USD	Settlement Date	Unrealised Gain USD
CNH	525,833	(75,406)	13/01/2023	631
CNH	21,267	(3,066)	13/01/2023	10
Net unrealised gain on forward foreign exchange contracts				<u>641</u>

5 Transactions with related parties including the Trustee, the Manager and their connected persons

The following is a summary of significant related party transactions/transactions entered into during the year between the Funds, the Trustee, the Manager and their connected persons. Connected persons of the Trustee and the Manager are those as defined in the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the period/year were carried out in the normal course of business and on normal commercial terms. To the best of the Trustee's and the Manager's knowledge, the Funds do not have any other transactions with connected persons except for those disclosed below.

5 Transactions with related parties including the Trustee, the Manager and their connected persons (continued)

(a) Management fee

The Manager is entitled to receive a management fee accrued daily and payable monthly in arrears out of each of the Funds as a percentage of the net asset value of each class of units in each of the Funds as at each valuation day at the rates set out as follows, subject to a maximum fee of 3.00% per annum:

	Class A	Class C	Class Y
Templeton Select Global Leaders Fund	1.00%	—	—
Franklin Select Global Multi-Asset Income Fund	0.85%	—	—
Franklin Select APAC Quality Income Fund	0.70%	—	—
Franklin Templeton Select APAC Income Fund	1.00%	0.65%	—
Templeton Select APAC Equity Income Fund	1.00%	0.70%	—

(b) Trustee and custody fees

The Trustee, Cititrust Limited, is entitled to receive a Trustee fee calculated at a rate of 0.04% per annum of the net asset value of each of the Funds. The Funds utilise the custodian and banking services of the Trustee's associate, Citibank, N.A. (Hong Kong Branch).

(c) Registrar fee

The Manager, which is also the Registrar, is entitled to receive a fee up to 0.04% per annum of the respective Funds' net asset value for registrar and transfer agent services, with the actual fee subject to certain variables. The fee shall be payable monthly in arrears.

(d) Fund administration fee

The Funds' administrator which is the same entity as the Manager is entitled to receive fund administration fee of 0.20% per annum of the respective Funds' net asset value. The Funds' administration fee shall accrue daily based on the net asset value of the respective Funds and shall be payable monthly in arrears.

(e) Management fee rebates

The Franklin Select Global Multi-Asset Income Fund received rebates on the investments in the underlying funds, which are Franklin LibertyQ Emerging Markets UCITS ETF, Franklin LibertyQ European Dividend UCITS ETF, Franklin LibertyQ European Equity UCITS ETF and Franklin LibertyQ Global Dividend UCITS ETF. Such rebates may vary, depending on the value and tenure of the underlying funds held, and are based on rates agreed with the manager of the underlying funds, which is Franklin Templeton International Services S.à r.l.. Rebates are included within other income in the statement of comprehensive income and management fee rebates receivable in the statement of financial position.

(f) The following tables detail the related-party transactions as at year end:

Templeton Select Global Leaders Fund

	Expenses		Accruals	
	2022 USD	2021 USD	2022 USD	2021 USD
Management fee	55,711	66,010	8,527	5,593
Trustee fee	2,228	2,641	341	224
Custody fee	9,771	20,648	—	—
Registrar fee	2,228	2,641	341	224
Fund administration fee	11,142	13,202	1,705	1,119
Total	81,080	105,142	10,914	7,160

5 Transactions with related parties including the Trustee, the Manager and their connected persons (continued)

(f) The following tables detail the related-party transactions as at year end: (continued)

Franklin Select Global Multi-Asset Income Fund

	Expenses		Accruals	
	2022 USD	2021 USD	2022 USD	2021 USD
Management fee	68,552	85,799	10,420	7,012
Trustee fee	3,226	4,038	490	330
Custody fee	54,304	69,323	—	—
Registrar fee	3,226	4,038	490	330
Fund administration fee	16,130	20,188	2,452	1,650
Total	145,438	183,386	13,852	9,322

	Income		Receivables	
	2022 USD	2021 USD	2022 USD	2021 USD
Management fee rebates	3,039	4,426	280	316
Total	3,039	4,426	280	316

Franklin Select APAC Quality Income Fund

	Expenses*	Accruals
	2022 USD	2022 USD
Management fee	993	104
Trustee fee	40,515	4,597
Custody fee	76,062	—
Registrar fee	56	5
Fund administration fee	283	29
Total	117,909	4,735

Franklin Templeton Select APAC Income Fund

	Expenses*	Accruals
	2022 USD	2022 USD
Management fee	1,362,423	145,487
Trustee fee	83,811	8,950
Custody fee	5,420	—
Registrar fee	83,811	8,949
Fund administration fee	419,056	44,749
Total	1,954,521	208,135

Templeton Select APAC Equity Income Fund

	Expenses*	Accruals
	2022 USD	2022 USD
Management fee	579,438	62,019
Trustee fee	69,993	7,509
Custody fee	61,119	—
Registrar fee	33,086	3,541
Fund administration fee	165,432	17,707
Total	909,068	90,776

*Expenses for the period from 13 August 2021 (date of commencement of operations) to 31 December 2022.

5 Transactions with related parties including the Trustee, the Manager and their connected persons (continued)

(g) Investment transactions with connected persons of the Trustee

	<u>Templeton Select Global Leaders Fund</u>		<u>Franklin Select Global Multi-Asset Income Fund</u>	
	2022	2021	2022	2021
Citigroup Global Markets Inc. ("Citi")				
Aggregate value of purchases and sales of securities transacted by Citi (USD)	1,028,965	913,872	1,521,988	1,802,608
% of total purchases and sales of securities during the year	11.52	9.80	10.52	6.97
Total commission paid to Citi (USD)	1,335	977	732	1,182
Average commission rate (%)	0.13	0.11	0.05	0.07

	<u>Franklin Select APAC Quality Income Fund</u>		<u>Franklin Templeton Select APAC Income Fund</u>	
	2022		2022	
Citigroup Global Markets Inc. ("Citi")				
Aggregate value of purchases and sales of securities transacted by Citi (USD)		17,028,660		185,272
% of total purchases and sales of securities during the year		14.48		0.06
Total commission paid to Citi (USD)		—		199
Average commission rate (%)		—		0.11

	<u>Templeton Select APAC Equity Income Fund</u>
	2022
Citigroup Global Markets Inc. ("Citi")	
Aggregate value of purchases and sales of securities transacted by Citi (USD)	29,473,112
% of total purchases and sales of securities during the year	9.57
Total commission paid to Citi (USD)	40,160
Average commission rate (%)	0.14

(h) The following table sets out the open forward foreign exchange contracts whose counterparty, Citibank N.A., is a connected person of the Trustee at 31 December 2022

	<u>Franklin Select APAC Quality Income Fund</u>
	2022 USD
Assets	
Forward foreign exchange contracts	32,480
Liabilities	
Forward foreign exchange contracts	708,822

Refer to Note 4 for details of these open forward foreign exchange contracts.

5 Transactions with related parties including the Trustee, the Manager and their connected persons (continued)

(i) Investment transactions with Underlying Funds

The following Underlying Funds are managed by Franklin Templeton International Services S.à r.l., which is a related company of the Manager within the same group. The following table details the related-party transactions during the years ended 31 December 2022 and 2021:

Franklin Select Global Multi-Asset Income Fund

	Purchases		Sales	
	2022 USD	2021 USD	2022 USD	2021 USD
Franklin High Yield Fund	160,200	671,439	275,048	97,319
Franklin LibertyQ Emerging Markets UCITS ETF	192,650	275,777	247,491	632,177
Franklin LibertyQ European Dividend UCITS ETF	67,782	1,234,018	612,096	729,975
Franklin LibertyQ European Equity UCITS ETF	—	—	—	322,263
Franklin LibertyQ Global Dividend UCITS ETF	902,513	399,947	845,669	1,019,968
Templeton Emerging Markets Bond Fund	22,500	421,276	40,486	333,971

Franklin Templeton Select APAC Income Fund

	Purchases	Sales
	2022 USD	2022 USD
Franklin Select APAC Quality Income Fund	102,097,414	18,499,200
Templeton Select APAC Equity Income Fund	81,580,696	9,024,758

Refer to Note 3 for further details on these Underlying Funds.

(j) Cash and cash equivalents

All bank balances of the Funds are held in interest bearing accounts with Citibank, N.A. (Hong Kong Branch), and its interest earned/ (charged) are (USD 2) (2021: USD11) for Templeton Select Global Leaders Fund, USD 15 (2021: USD34) for Franklin Select Global Multi-Asset Income Fund, (USD 5,945) for Franklin Select APAC Quality Income Fund, USD21 for Franklin Templeton Select APAC Income Fund and USD 408 for Templeton Select APAC Equity Income Fund for the period/year ended 31 December 2022.

(k) Related party unit holdings

Franklin Templeton Capital Holdings Private Ltd., a connected person of the Manager, held units in Funds as detailed below:

Templeton Select Global Leaders Fund

For the year ended 31 December 2022

Shareholder	Number of units at the start of year	Number of units acquired in the year	Number of units redeemed in the year	Number of units at year end
Franklin Templeton Capital Holdings Private Ltd.	2,329,616.41	—	—	2,329,616.41

For the year ended 31 December 2021

Shareholder	Number of units at the start of year	Number of units acquired in the year	Number of units redeemed in the year	Number of units at year end
Franklin Templeton Capital Holdings Private Ltd.	2,329,616.41	—	—	2,329,616.41

5 Transactions with related parties including the Trustee, the Manager and their connected persons (continued)

(k) Related party share holdings (continued)

Franklin Select APAC Quality Income Fund

For the period from 13 August 2021 (date of commencement of operations) to 31 December 2022

Shareholder	Number of units at the start of period	Number of units acquired in the period	Number of units redeemed in the period	Number of units at period end
Franklin Templeton Capital Holdings Private Ltd.	–	69,734.75	–	69,734.75

Franklin Templeton Select APAC Income Fund

For the period from 13 August 2021 (date of commencement of operations) to 31 December 2022

Shareholder	Number of units at the start of period	Number of units acquired in the period	Number of units redeemed in the period	Number of units at period end
Franklin Templeton Capital Holdings Private Ltd.	–	69,734.75	–	69,734.75

Templeton Select APAC Equity Income Fund

For the period from 13 August 2021 (date of commencement of operations) to 31 December 2022

Shareholder	Number of units at the start of period	Number of units acquired in the period	Number of units redeemed in the period	Number of units at period end
Franklin Templeton Capital Holdings Private Ltd.	–	69,734.75	–	69,734.75

6 Cash and cash equivalents and margin cash

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances with original maturity of 3 months or less:

	<u>Templeton Select Global Leaders Fund</u>		<u>Franklin Select Global Multi-Asset Income Fund</u>	
	2022 USD	2021 USD	2022 USD	2021 USD
Cash at bank	445,666	503,027	101,991	88,631
	<u>Franklin Select APAC Quality Income Fund</u>		<u>Franklin Templeton Select APAC Income Fund</u>	
	2022 USD		2022 USD	
Cash at bank	4,852,745		876,330	
			<u>Templeton Select APAC Equity Income Fund</u>	
			2022 USD	
Cash at bank			2,007,563	

The following table summarises the margin cash of Franklin Select APAC Quality Income Fund which is pledged in the statement of financial position.

	31 December 2022 USD
Margin Cash	1,180,000

7 Net assets attributable to unitholders

The Funds have no regulatory imposed restrictions or specific capital requirements on the subscriptions and redemptions of units. The Manager is entitled to limit the daily redemptions to 10% of the total units in issue. The relevant movements are shown in the statement of changes in net assets attributable to unitholders. In accordance with the objectives outlined in Note 1 and the financial risk management policies in Note 3, the Manager endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short term borrowings of up to 25% of the latest available net asset value of the Funds or disposal of securities where necessary.

The following tables detail the net asset value per unit of each class of units at the period/year end:

Templeton Select Global Leaders Fund

	2022		2021	
	Net assets per class USD	Net asset value per unit	Net assets per class USD	Net asset value per unit
Class A (Acc) HKD	1,687,234	HKD11.08	2,148,089	HKD14.09
Class A (Acc) RMB-H1	1,752,798	CNH11.94	2,439,756	CNH15.29
Class A (Acc) USD	1,651,773	USD11.01	2,102,943	USD14.02
Net assets attributable to unitholders	<u>5,091,805</u>		<u>6,690,788</u>	

Franklin Select Global Multi-Asset Income Fund

	2022		2021	
	Net assets per class USD	Net asset value per unit	Net assets per class USD	Net asset value per unit
Class A (Mdis) HKD	3,441,094	HKD7.50	4,669,077	HKD9.56
Class A (Mdis) RMB-H1	1,616,790	CNH7.71	2,381,435	CNH10.02
Class A (Mdis) USD	2,246,022	USD7.46	2,714,573	USD9.52
Net assets attributable to unitholders	<u>7,303,906</u>		<u>9,765,085</u>	

Franklin Select APAC Quality Income Fund

	2022	
	Net assets per class USD	Net asset value per unit
Class A (acc) USD	4,384	USD8.77
Class A (Mdis) HKD	4,373	HKD8.28
Class A (Mdis) RMB-H1	78,200	CNH8.35
Class A (Mdis) USD	4,123	USD8.25
Class Y (Mdis) USD	70,575,610	USD8.40
Net assets attributable to unitholders	<u>70,666,690</u>	

Franklin Templeton Select APAC Income Fund

	2022	
	Net assets per class USD	Net asset value per unit
Class A (acc) USD	4,315	USD8.63
Class A (Mdis) HKD	4,106	HKD8.24
Class A (Mdis) RMB-H1	76,211	CNH8.13
Class A (Mdis) USD	4,111	USD8.22
Class C (acc) USD	135,790,891	USD8.76
Net assets attributable to unitholders	<u>135,879,634</u>	

Templeton Select APAC Equity Income Fund

	2022	
	Net assets per class USD	Net asset value per unit
Class A (acc) USD	4,338	USD8.68
Class A (Mdis) HKD	4,140	HKD8.31
Class A (Mdis) RMB-H1	77,989	CNH8.32
Class A (Mdis) USD	4,147	USD8.29
Class C (acc) USD	54,718,405	USD8.77
Class Y (Mdis) USD	61,480,678	USD8.50
Net assets attributable to unitholders	<u>116,289,697</u>	

8 Distributions

Franklin Select Global Multi-Asset Income Fund

The sub-fund pays out distributions out of income and/or capital on a monthly basis to unitholders of all Classes – A (Mdis) HKD, A (Mdis) RMB-H1 and A (Mdis) USD. Distribution during the year amounted to USD 443,154 (2021: 554,486).

The following table shows the details of distribution by the sub-fund:

	2022 USD	2021 USD
Total comprehensive (loss)/income during the year	(2,274,081)	185,348
Undistributed income at the beginning of the year	–	–
Undistributed income at the end of the year	–	–

Franklin Select APAC Quality Income Fund

The sub-fund pays out distributions out of income and/or capital on a monthly basis to unitholders of all Classes – A (Mdis) HKD, A (Mdis) RMB-H1, A (Mdis) USD and Y (Mdis) USD. Distribution during the period amounted to USD 4,313,239.

The following table shows the details of distribution by the sub-fund:

	2022 USD
Total comprehensive loss during the period	(13,046,913)
Undistributed income at the beginning of the period	–
Undistributed income at the end of the period	–

Franklin Templeton Select APAC Income Fund

The sub-fund pays out distributions out of income and/or capital on a monthly basis to unitholders of all Classes – A (Mdis) HKD, A (Mdis) RMB-H1 and A (Mdis) USD. Distribution during the period amounted to USD 6,157.

The following table shows the details of distribution by the sub-fund:

	2022 USD
Total comprehensive loss during the period	(21,355,018)
Undistributed income at the beginning of the period	–
Undistributed income at the end of the period	–

Templeton Select APAC Equity Income Fund

The sub-fund pays out distributions out of income and/or capital on a monthly basis to unitholders of all Classes – A (Mdis) HKD, A (Mdis) RMB-H1, A (Mdis) USD, and Y (Mdis) USD. Distribution during the period amounted to USD 2,933,290.

The following table shows the details of distribution by the sub-fund:

	2022 USD
Total comprehensive loss during the period	(19,118,082)
Undistributed income at the beginning of the period	–
Undistributed income at the end of the period	–

8 Distributions (continued)

Franklin Select Global Multi-Asset Income Fund

The following tables summarise the distributions paid by the sub-fund:

For the year ended 31 December 2022

Class A (Mdis) HKD

Distribution rate per unit	Distribution date	Distribution amount USD
HKD0.040	17 January 2022	20,072
HKD0.039	18 February 2022	18,654
HKD0.038	15 March 2022	17,670
HKD0.038	20 April 2022	17,750
HKD0.035	18 May 2022	16,252
HKD0.035	16 June 2022	16,266
HKD0.033	18 July 2022	15,086
HKD0.034	15 August 2022	15,562
HKD0.033	16 September 2022	15,082
HKD0.030	18 October 2022	13,727
HKD0.031	15 November 2022	14,176
HKD0.033	15 December 2022	15,177

Class A (Mdis) RMB-H1

Distribution rate per unit	Distribution date	Distribution amount USD
CNH0.059	17 January 2022	14,026
CNH0.056	18 February 2022	13,448
CNH0.055	15 March 2022	13,268
CNH0.054	20 April 2022	12,620
CNH0.051	18 May 2022	11,095
CNH0.051	16 June 2022	11,172
CNH0.046	18 July 2022	10,041
CNH0.046	15 August 2022	10,013
CNH0.042	16 September 2022	8,955
CNH0.038	18 October 2022	7,704
CNH0.032	15 November 2022	6,435
CNH0.034	15 December 2022	7,110

Class A (Mdis) USD

Distribution rate per unit	Distribution date	Distribution amount USD
USD0.040	17 January 2022	11,164
USD0.039	18 February 2022	10,400
USD0.037	15 March 2022	9,871
USD0.037	20 April 2022	11,183
USD0.035	18 May 2022	10,583
USD0.035	16 June 2022	10,517
USD0.033	18 July 2022	9,920
USD0.034	15 August 2022	10,225
USD0.032	16 September 2022	9,627
USD0.030	18 October 2022	9,029
USD0.031	15 November 2022	9,334
USD0.033	15 December 2022	9,940
		<u>443,154</u>

For the year ended 31 December 2021

Class A (Mdis) HKD

Distribution rate per unit	Distribution date	Distribution amount USD
HKD0.040	18 January 2021	20,612
HKD0.039	17 February 2021	21,093
HKD0.039	15 March 2021	21,059
HKD0.040	20 April 2021	21,692
HKD0.041	17 May 2021	22,098
HKD0.041	16 June 2021	22,056
HKD0.041	16 July 2021	20,676
HKD0.041	16 August 2021	17,550

8 Distributions (continued)

Franklin Select Global Multi-Asset Income Fund (continued)

For the year ended 31 December 2021 (continued)

Class A (Mdis) HKD

Distribution rate per unit	Distribution date	Distribution amount USD
HKD0.041	15 September 2021	18,037
HKD0.040	19 October 2021	17,953
HKD0.040	15 November 2021	18,937
HKD0.040	15 December 2021	19,242

Class A (Mdis) RMB-H1

Distribution rate per unit	Distribution date	Distribution amount USD
CNH0.053	18 January 2021	16,297
CNH0.053	17 February 2021	14,748
CNH0.054	15 March 2021	14,260
CNH0.056	20 April 2021	14,519
CNH0.058	17 May 2021	15,012
CNH0.058	16 June 2021	15,163
CNH0.059	16 July 2021	14,782
CNH0.059	16 August 2021	14,286
CNH0.060	15 September 2021	14,382
CNH0.058	19 October 2021	13,942
CNH0.059	15 November 2021	14,256
CNH0.058	15 December 2021	14,383

Class A (Mdis) USD

Distribution rate per unit	Distribution date	Distribution amount USD
USD0.040	18 January 2021	11,990
USD0.039	17 February 2021	11,537
USD0.039	15 March 2021	11,545
USD0.040	20 April 2021	11,521
USD0.040	17 May 2021	10,727
USD0.041	16 June 2021	10,999
USD0.041	16 July 2021	11,518
USD0.041	16 August 2021	11,711
USD0.041	15 September 2021	11,716
USD0.040	19 October 2021	11,394
USD0.040	15 November 2021	11,394
USD0.040	15 December 2021	11,399
		<u>554,486</u>

During the period ended 31 December 2022 USD 51,641 (2021: USD 63,877) of the distributions are reinvested into the sub-fund for subscription of units. Refer to statement of changes in net assets attributable to unitholders for number of units subscribed during the year.

Franklin Select APAC Quality Income Fund

The following tables summarise the distributions paid by the sub-fund:

For the period ended 31 December 2022

Class A (Mdis) HKD

Distribution rate per unit	Distribution date	Distribution amount USD
HKD0.041	15 November 2021	20
HKD0.041	15 December 2021	20
HKD0.041	17 January 2022	20
HKD0.040	18 February 2022	20
HKD0.039	15 March 2022	19
HKD0.038	20 April 2022	19
HKD0.037	18 May 2022	18
HKD0.037	16 June 2022	18
HKD0.036	18 July 2022	18
HKD0.037	15 August 2022	19

8 Distributions (continued)

Franklin Select APAC Quality Income Fund (continued)

For the period ended 31 December 2022 (continued)

Class A (Mdis) HKD

Distribution rate per unit	Distribution date	Distribution amount USD
HKD0.036	16 September 2022	18
HKD0.035	18 October 2022	18
HKD0.035	15 November 2022	18
HKD0.035	15 December 2022	18

Class A (Mdis) RMB-H1

Distribution rate per unit	Distribution date	Distribution amount USD
CNH0.042	15 November 2021	426
CNH0.041	15 December 2021	419
CNH0.041	17 January 2022	417
CNH0.040	18 February 2022	407
CNH0.040	15 March 2022	410
CNH0.039	20 April 2022	396
CNH0.038	18 May 2022	365
CNH0.038	16 June 2022	368
CNH0.037	18 July 2022	357
CNH0.037	15 August 2022	355
CNH0.037	16 September 2022	345
CNH0.036	18 October 2022	326
CNH0.035	15 November 2022	314
CNH0.036	15 December 2022	335

Class A (Mdis) USD

Distribution rate per unit	Distribution date	Distribution amount USD
USD0.041	15 November 2021	21
USD0.041	15 December 2021	21
USD0.041	17 January 2022	21
USD0.040	18 February 2022	20
USD0.039	15 March 2022	20
USD0.038	20 April 2022	19
USD0.037	18 May 2022	19
USD0.037	16 June 2022	18
USD0.036	18 July 2022	18
USD0.037	15 August 2022	19
USD0.036	16 September 2022	18
USD0.035	18 October 2022	18
USD0.034	15 November 2022	17
USD0.035	15 December 2022	18

Class Y (Mdis) USD

Distribution rate per unit	Distribution date	Distribution amount USD
USD0.042	15 November 2021	319,785
USD0.041	15 December 2021	306,419
USD0.041	17 January 2022	328,478
USD0.040	18 February 2022	313,214
USD0.039	15 March 2022	310,888
USD0.038	20 April 2022	313,136
USD0.037	18 May 2022	311,416
USD0.037	16 June 2022	310,665
USD0.037	18 July 2022	305,477
USD0.037	15 August 2022	311,944
USD0.037	16 September 2022	311,944
USD0.035	18 October 2022	285,317
USD0.035	15 November 2022	285,317
USD0.036	15 December 2022	293,469
		<u>4,313,239</u>

8 Distributions (continued)

Franklin Templeton Select APAC Income Fund

The following tables summarise the distributions paid by the sub-fund:

For the period ended 31 December 2022

Class A (Mdis) HKD

Distribution rate per unit	Distribution date	Distribution amount USD
HKD0.033	15 November 2021	16
HKD0.033	15 December 2021	16
HKD0.033	17 January 2022	16
HKD0.033	18 February 2022	16
HKD0.032	15 March 2022	16
HKD0.031	20 April 2022	15
HKD0.030	18 May 2022	15
HKD0.030	16 June 2022	15
HKD0.029	18 July 2022	14
HKD0.029	15 August 2022	14
HKD0.028	16 September 2022	14
HKD0.027	18 October 2022	13
HKD0.026	15 November 2022	13
HKD0.028	15 December 2022	14

Class A (Mdis) RMB-H1

Distribution rate per unit	Distribution date	Distribution amount USD
CNH0.050	15 November 2021	508
CNH0.049	15 December 2021	501
CNH0.049	17 January 2022	498
CNH0.049	18 February 2022	499
CNH0.048	15 March 2022	492
CNH0.046	20 April 2022	467
CNH0.044	18 May 2022	422
CNH0.044	16 June 2022	426
CNH0.041	18 July 2022	395
CNH0.040	15 August 2022	384
CNH0.037	16 September 2022	345
CNH0.034	18 October 2022	307
CNH0.026	15 November 2022	233
CNH0.028	15 December 2022	261

Class A (Mdis) USD

Distribution rate per unit	Distribution date	Distribution amount USD
USD0.033	15 November 2021	16
USD0.033	15 December 2021	16
USD0.033	17 January 2022	17
USD0.033	18 February 2022	17
USD0.032	15 March 2022	16
USD0.031	20 April 2022	16
USD0.030	18 May 2022	15
USD0.030	16 June 2022	15
USD0.029	18 July 2022	15
USD0.029	15 August 2022	15
USD0.028	16 September 2022	14
USD0.026	18 October 2022	13
USD0.026	15 November 2022	13
USD0.028	15 December 2022	14

6,157

8 Distributions (continued)

Templeton Select APAC Equity Income Fund

The following tables summarise the distributions paid by the sub-fund:

For the period ended 31 December 2022

Class A (Mdis) HKD

Distribution rate per unit	Distribution date	Distribution amount USD
HKD0.033	15 November 2021	16
HKD0.032	15 December 2021	16
HKD0.025	17 January 2022	12
HKD0.028	18 February 2022	14
HKD0.027	15 March 2022	13
HKD0.028	20 April 2022	14
HKD0.027	18 May 2022	13
HKD0.027	16 June 2022	13
HKD0.028	18 July 2022	14
HKD0.029	15 August 2022	14
HKD0.028	16 September 2022	14
HKD0.027	18 October 2022	13
HKD0.026	15 November 2022	13
HKD0.030	15 December 2022	15

Class A (Mdis) RMB-H1

Distribution rate per unit	Distribution date	Distribution amount USD
CNH0.034	15 November 2021	345
CNH0.033	15 December 2021	337
CNH0.025	17 January 2022	254
CNH0.029	18 February 2022	295
CNH0.028	15 March 2022	287
CNH0.028	20 April 2022	284
CNH0.027	18 May 2022	259
CNH0.027	16 June 2022	261
CNH0.028	18 July 2022	270
CNH0.029	15 August 2022	278
CNH0.028	16 September 2022	261
CNH0.027	18 October 2022	244
CNH0.026	15 November 2022	233
CNH0.030	15 December 2022	279

Class A (Mdis) USD

Distribution rate per unit	Distribution date	Distribution amount USD
USD0.033	15 November 2021	17
USD0.032	15 December 2021	16
USD0.025	17 January 2022	13
USD0.028	18 February 2022	14
USD0.027	15 March 2022	14
USD0.028	20 April 2022	14
USD0.027	18 May 2022	13
USD0.027	16 June 2022	14
USD0.027	18 July 2022	14
USD0.028	15 August 2022	14
USD0.028	16 September 2022	14
USD0.026	18 October 2022	13
USD0.025	15 November 2022	13
USD0.029	15 December 2022	15

Class Y (Mdis) USD

Distribution rate per unit	Distribution date	Distribution amount USD
USD0.034	15 November 2021	246,999
USD0.033	15 December 2021	244,780
USD0.025	17 January 2022	185,439
USD0.029	18 February 2022	215,109
USD0.028	15 March 2022	207,692
USD0.028	20 April 2022	207,692

8 Distributions (continued)

Templeton Select APAC Equity Income Fund (continued)

For the period ended 31 December 2022 (continued)

Class Y (Mdis) USD

Distribution rate per unit	Distribution date	Distribution amount USD
USD0.027	18 May 2022	200,274
USD0.027	16 June 2022	200,274
USD0.028	18 July 2022	207,692
USD0.029	15 August 2022	209,848
USD0.028	16 September 2022	202,612
USD0.027	18 October 2022	195,376
USD0.026	15 November 2022	188,140
USD0.030	15 December 2022	217,084
		<u>2,933,290</u>

9 Soft commission arrangement

The Manager and its connected persons may effect transactions for the account of the Funds through the agency of another person with whom the Manager and its connected persons have an arrangement under which such other person agrees to pay in whole or in part for the provision of goods to and/or the supply of services to the Manager or its connected persons in consideration of the Manager or its connected persons procuring that such other person (or person connected thereto) executes transactions to be entered into for the account of the Funds.

The Manager shall procure that no such contractual arrangements are entered into unless the goods and services to be provided pursuant thereto are of demonstrable benefit to unitholders whether by assisting the Manager in its ability to manage the Funds or otherwise. Research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment related publications may be considered as beneficial to unitholders.

During the period/year ended 31 December 2022 and 31 December 2021, the Manager and its connected persons entered into soft commission arrangements with brokers relating to dealing in the assets of the Funds, consistent with the above.

The following table details the amounts of transactions executed and their related commissions during the period/year under the soft commission arrangement:

	<u>Templeton Select Global</u> <u>Leaders Fund</u>		<u>Franklin Select Global</u> <u>Multi-Asset Income Fund</u>	
	2022 USD	2021 USD	2022 USD	2021 USD
Amounts of transactions executed	4,821,028	4,509,551	603,140	4,933,793
Commissions	1,652	2,336	237	3,104

	<u>Franklin Templeton</u> <u>Select APAC</u> <u>Income Fund</u>	<u>Templeton Select</u> <u>APAC Equity</u> <u>Income Fund</u>
	2022 USD	2022 USD
Amounts of transactions executed	516,837	99,114,692
Commissions	399	79,504

10 Bank loans, overdrafts and other borrowings

The Funds had no bank loan, overdraft or other borrowing as at 31 December 2022 and 2021.

11 Security lending arrangements

The Funds did not enter into any security lending arrangement during the period/year ended 31 December 2022 and 31 December 2021.

12 Negotiability of assets

As at 31 December 2022 and 2021, other than as disclosed in Note 6, there was no statutory or contractual requirement restricting the negotiability of the assets of the Funds.

13 Commitments

The Funds had no commitment as at 31 December 2022 and 2021.

14 Contingent liabilities

The Funds had no contingent liability as at 31 December 2022 and 2021.

15 Comparative Financial Information

There is no comparative financial information for Franklin Select APAC Quality Income Fund, Franklin Templeton Select APAC Income Fund and Templeton Select APAC Equity Income Fund as this is the first set of financial statements prepared since the Funds' launch.

INVESTMENT PORTFOLIO

AS AT 31 DECEMBER 2022

TEMPLETON SELECT GLOBAL LEADERS FUND

	Holdings	Fair value (USD)	% of NAV
Investments (91.75%)			
Listed Equities (91.75%)			
Denmark (2.14%)			
Vestas Wind Systems A/S	3,730	108,800	2.14
France (2.37%)			
LVMH Moët Hennessy Louis Vuitton SE	166	120,791	2.37
Germany (5.99%)			
Deutsche Boerse AG	638	109,852	2.16
Infineon Technologies AG	2,813	85,489	1.68
SAP SE	1,061	109,533	2.15
India (3.08%)			
Reliance Industries Ltd., GDR, 144A	2,557	156,856	3.08
Japan (12.51%)			
Asics Corp.	2,300	50,539	0.99
Hitachi Ltd.	2,710	136,310	2.68
KDDI Corp.	4,400	133,393	2.62
Keyence Corp.	254	98,580	1.94
Nitori Holdings Co. Ltd.	840	109,719	2.16
Tokyo Electron Ltd.	368	108,092	2.12
Taiwan (2.05%)			
Taiwan Semiconductor Manufacturing Co. Ltd.	7,185	104,366	2.05
United Kingdom (8.74%)			
AstraZeneca plc	1,087	147,086	2.89
BP plc	18,294	105,551	2.07
Rolls-Royce Holdings plc	116,096	129,671	2.55
SSE plc	3,051	62,747	1.23
United States of America (54.87%)			
AbbVie, Inc.	806	130,258	2.56
Alphabet, Inc., A	2,384	210,340	4.13
Amazon.com, Inc.	867	72,828	1.43
American Express Co.	338	49,940	0.98
Applied Materials, Inc.	839	81,702	1.61
Booking Holdings, Inc.	68	137,039	2.69
Equifax, Inc.	276	53,643	1.05
F5, Inc.	314	45,062	0.89
Freeport-McMoRan, Inc.	2,524	95,912	1.88
HCA Healthcare, Inc.	810	194,368	3.82
ICON plc	740	143,745	2.82
Microchip Technology, Inc.	1,235	86,759	1.70
Micron Technology, Inc.	1,033	51,629	1.01
Microsoft Corp.	764	183,223	3.60
Salesforce, Inc.	616	81,675	1.61

TEMPLETON SELECT GLOBAL LEADERS FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (91.75%) (continued)			
Listed Equities (91.75%) (continued)			
United States of America (54.87%) (continued)			
Schneider Electric SE	1,520	213,451	4.19
Starbucks Corp.	556	55,155	1.08
T-Mobile US, Inc.	1,284	179,760	3.53
UnitedHealth Group, Inc.	320	169,658	3.33
Visa, Inc., A	549	114,060	2.24
Walt Disney Co. (The)	1,144	99,391	1.95
Westinghouse Air Brake Technologies Corp.	1,742	173,869	3.42
Zimmer Biomet Holdings, Inc.	1,339	170,723	3.35
Total Investments		<u>4,671,565</u>	<u>91.75</u>
Net Forward Foreign Exchange Contracts Value (Note 4)		14,747	0.29
		<u>4,686,312</u>	<u>92.04</u>
Other Net Assets		405,493	7.96
Net Assets as at 31 December 2022		<u>5,091,805</u>	<u>100.00</u>
Total Investments at cost as at 31 December 2022		<u>4,529,207</u>	
Additional Details on Financial Derivative Instruments			
Financial assets		Fair Value USD	
Forward Foreign Exchange Contracts/ Underlying Assets		Counterparties	
Buy CNH Sell USD	JPMorgan Chase Bank NA		15,181
			<u>15,181</u>
Financial liabilities			
Forward Foreign Exchange Contracts/ Underlying Assets		Counterparties	
Sell CNH Buy USD	JPMorgan Chase Bank NA		(434)
			<u>(434)</u>

INVESTMENT PORTFOLIO

AS AT 31 DECEMBER 2022

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND

	Holdings	Fair value (USD)	% of NAV
Investments (99.01%)			
Quoted Investment Funds (11.08%)			
Luxembourg (11.08%)			
Franklin High Yield Fund	61,635	511,563	7.00
Templeton Emerging Markets Bond Fund	63,444	297,676	4.08
Exchange Traded Funds (45.75%)			
Ireland (31.65%)			
Franklin LibertyQ Global Dividend UCITS ETF	10,795	317,922	4.35
HSBC MSCI WORLD UCITS ETF	19,800	516,825	7.08
iShares China CNY Bond UCITS ETF, D	21,730	112,906	1.55
iShares Core Global Aggregate Bond UCITS ETF	149,405	646,697	8.85
iShares Core MSCI Pacific ex-Japan UCITS ETF	280	45,942	0.63
iShares Global Corp. Bond UCITS ETF	7,895	671,089	9.19
United States of America (14.10%)			
iShares International Treasury Bond ETF	10,445	408,922	5.60
Vanguard Total International Bond ETF	13,085	620,622	8.50
Listed Real Estate Investment Trusts ("REITs") (0.75%)			
Australia (0.04%)			
Scentre Group	1,694	3,297	0.04
Singapore (0.04%)			
CapitaLand Ascendas REIT	1,300	2,662	0.04
United States of America (0.67%)			
AvalonBay Communities, Inc.	14	2,261	0.03
Camden Property Trust	22	2,461	0.03
Extra Space Storage, Inc.	20	2,944	0.04
Gaming and Leisure Properties, Inc.	50	2,605	0.04
Host Hotels & Resorts, Inc.	150	2,408	0.03
Medical Properties Trust, Inc.	225	2,507	0.03
Mid-America Apartment Communities, Inc.	16	2,512	0.03
Prologis, Inc.	28	3,156	0.04
Public Storage	72	20,174	0.28
Simon Property Group, Inc.	50	5,874	0.08
WP Carey, Inc.	38	2,970	0.04
Listed Equities (35.01%)			
Australia (0.66%)			
Aristocrat Leisure Ltd.	110	2,266	0.03
BHP Group Ltd.	541	16,757	0.23
Brambles Ltd.	339	2,780	0.04
Glencore plc	1,075	7,168	0.10
Lottery Corp. Ltd. (The)	954	2,908	0.04

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (99.01%) (continued)			
Listed Equities (35.01%) (continued)			
Australia (0.66%) (continued)			
Macquarie Group Ltd.	25	2,822	0.04
Northern Star Resources Ltd.	473	3,539	0.05
Origin Energy Ltd.	711	3,721	0.05
Pilbara Minerals Ltd.	1,203	3,046	0.04
Transurban Group	306	2,692	0.04
Belgium (0.09%)			
Groupe Bruxelles Lambert NV	34	2,717	0.04
KBC Group NV	55	3,541	0.05
Brazil (0.28%)			
Ambev SA	800	2,184	0.03
Itau Unibanco Holding SA	400	1,892	0.03
Itausa SA	1,336	2,146	0.03
MercadoLibre, Inc.	2	1,692	0.02
Petroleo Brasileiro SA	2,600	12,314	0.17
Canada (0.84%)			
Agnico Eagle Mines Ltd.	50	2,598	0.04
ARC Resources Ltd.	250	3,370	0.05
Canadian National Railway Co.	60	7,127	0.10
CCL Industries, Inc., B	50	2,136	0.03
CGI, Inc.	30	2,586	0.04
Constellation Software, Inc.	2	3,123	0.04
Dollarama, Inc.	120	7,018	0.10
Fairfax Financial Holdings Ltd.	5	2,962	0.04
Hydro One Ltd., 144A, Reg S	100	2,679	0.04
Imperial Oil Ltd.	80	3,897	0.05
Loblaw Cos. Ltd.	40	3,537	0.05
Manulife Financial Corp.	150	2,675	0.04
Northland Power, Inc.	100	2,742	0.04
Nutrien Ltd.	50	3,651	0.05
Shaw Communications, Inc., B	100	2,881	0.04
Suncor Energy, Inc.	70	2,220	0.03
Toronto-Dominion Bank (The)	39	2,525	0.03
Tourmaline Oil Corp.	50	2,523	0.03
Chile (0.03%)			
Sociedad Quimica y Minera de Chile SA, B	26	2,100	0.03
China (0.95%)			
BOC Hong Kong Holdings Ltd.	1,400	4,753	0.06
BYD Co. Ltd., H	400	9,814	0.14
China Mengniu Dairy Co. Ltd.	500	2,255	0.03
CSPC Pharmaceutical Group Ltd.	4,000	4,164	0.06
KE Holdings, Inc., ADR	100	1,396	0.02

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (99.01%) (continued)			
Listed Equities (35.01%) (continued)			
China (0.95%) (continued)			
Lenovo Group Ltd.	2,000	1,629	0.02
Li Ning Co. Ltd.	1,000	8,599	0.12
NetEase, Inc.	200	2,901	0.04
Nongfu Spring Co. Ltd., H, 144A, Reg S	900	5,069	0.07
PICC Property & Casualty Co. Ltd., H	2,000	1,891	0.03
Pinduoduo, Inc., ADR	190	15,494	0.21
Wuxi Biologics Cayman, Inc., 144A, Reg S	400	3,030	0.04
Yum China Holdings, Inc.	96	5,246	0.07
Zijin Mining Group Co. Ltd., H	2,000	2,688	0.04
Denmark (0.30%)			
AP Moller - Maersk A/S, A	1	2,204	0.03
Coloplast A/S, B	27	3,163	0.04
Novo Nordisk A/S, B	126	17,112	0.23
Finland (0.13%)			
Nokia OYJ	647	3,006	0.04
Sampo OYJ, A	72	3,760	0.05
Stora Enso OYJ, R	190	2,679	0.04
France (1.18%)			
BNP Paribas SA	66	3,758	0.05
Carrefour SA	179	2,994	0.04
Cie Generale des Etablissements Michelin SCA	112	3,120	0.04
Eiffage SA	36	3,541	0.05
Engie SA	811	11,602	0.16
Hermes International	2	3,096	0.04
L'Oreal SA	9	3,223	0.04
Orange SA	287	2,848	0.04
Sanofi	35	3,375	0.05
Societe Generale SA	141	3,537	0.05
Thales SA	22	2,811	0.04
TotalEnergies SE	613	38,478	0.53
Vinci SA	36	3,589	0.05
Germany (0.91%)			
Allianz SE	16	3,417	0.05
Bayer AG	266	13,690	0.19
Bayerische Motoren Werke AG	38	3,364	0.05
Beiersdorf AG	31	3,542	0.05
Commerzbank AG	319	2,982	0.04
Deutsche Bank AG	255	2,866	0.04
Deutsche Boerse AG	64	11,020	0.15
Hannover Rueck SE	16	3,157	0.04
HeidelbergCement AG	61	3,456	0.05
Infineon Technologies AG	107	3,252	0.04

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (99.01%) (continued)			
Listed Equities (35.01%) (continued)			
Germany (0.91%) (continued)			
Mercedes-Benz Group AG	183	11,967	0.16
RWE AG	78	3,448	0.05
Hong Kong (0.33%)			
CK Asset Holdings Ltd.	500	3,067	0.04
CLP Holdings Ltd.	500	3,643	0.05
Hang Seng Bank Ltd.	200	3,317	0.05
Hong Kong & China Gas Co. Ltd.	3,000	2,845	0.04
Jardine Matheson Holdings Ltd.	50	2,544	0.03
MTR Corp. Ltd.	500	2,644	0.04
Power Assets Holdings Ltd.	500	2,733	0.04
Sun Hung Kai Properties Ltd.	200	2,732	0.04
India (0.70%)			
Adani Total Gas Ltd.	59	2,614	0.04
Asian Paints Ltd.	67	2,490	0.03
Avenue Supermarts Ltd., 144A, Reg S	53	2,591	0.04
Dr Reddy's Laboratories Ltd.	50	2,555	0.03
Hindustan Unilever Ltd.	175	5,412	0.07
Housing Development Finance Corp. Ltd.	107	3,407	0.05
Infosys Ltd.	168	3,063	0.04
ITC Ltd.	858	3,428	0.05
Mahindra & Mahindra Ltd.	413	6,225	0.09
Sun Pharmaceutical Industries Ltd.	218	2,632	0.04
Tata Consultancy Services Ltd.	346	13,596	0.19
Titan Co. Ltd.	81	2,539	0.03
Indonesia (0.09%)			
Astra International Tbk. PT	9,800	3,586	0.05
Bank Central Asia Tbk. PT	5,400	2,961	0.04
Ireland (0.05%)			
CRH plc	86	3,420	0.05
Israel (0.16%)			
Bank Leumi Le-Israel BM	358	2,973	0.04
Check Point Software Technologies Ltd.	47	5,930	0.08
Israel Discount Bank Ltd., A	562	2,942	0.04
Italy (0.05%)			
Assicurazioni Generali SpA	192	3,414	0.05
Japan (2.73%)			
AGC, Inc.	100	3,317	0.05
Asahi Group Holdings Ltd.	100	3,112	0.04
Astellas Pharma, Inc.	200	3,040	0.04

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (99.01%) (continued)			
Listed Equities (35.01%) (continued)			
Japan (2.73%) (continued)			
Bandai Namco Holdings, Inc.	50	3,133	0.04
Canon, Inc.	400	8,655	0.12
Chubu Electric Power Co., Inc.	300	3,101	0.04
Daiwa House Industry Co. Ltd.	150	3,454	0.05
Disco Corp.	10	2,849	0.04
Eisai Co. Ltd.	50	3,296	0.04
ENEOS Holdings, Inc.	700	2,383	0.03
Hankyu Hanshin Holdings, Inc.	100	2,962	0.04
Hitachi Ltd.	100	5,030	0.07
Hoya Corp.	30	2,872	0.04
Japan Post Holdings Co. Ltd.	400	3,364	0.05
Kao Corp.	100	3,969	0.05
KDDI Corp.	300	9,095	0.12
Kintetsu Group Holdings Co. Ltd.	100	3,301	0.05
Kirin Holdings Co. Ltd.	200	3,047	0.04
Komatsu Ltd.	150	3,241	0.04
Kyowa Kirin Co. Ltd.	100	2,290	0.03
Marubeni Corp.	500	5,726	0.08
Mitsubishi Corp.	100	3,245	0.04
Mitsubishi Electric Corp.	200	1,981	0.03
Mitsubishi Heavy Industries Ltd.	150	5,925	0.08
Mitsubishi UFJ Financial Group, Inc.	500	3,356	0.05
Mitsui & Co. Ltd.	100	2,912	0.04
Nintendo Co. Ltd.	250	10,508	0.14
Nippon Telegraph & Telephone Corp.	550	15,680	0.21
Nissan Chemical Corp.	70	3,051	0.04
Nitto Denko Corp.	60	3,454	0.05
Olympus Corp.	600	10,579	0.14
Ono Pharmaceutical Co. Ltd.	150	3,505	0.05
ORIX Corp.	200	3,200	0.04
Panasonic Holdings Corp.	400	3,346	0.05
Resona Holdings, Inc.	700	3,843	0.05
Sekisui House Ltd.	300	5,317	0.07
SoftBank Corp.	200	2,262	0.03
Sompo Holdings, Inc.	50	2,211	0.03
Sumitomo Corp.	250	4,154	0.06
Sumitomo Mitsui Financial Group, Inc.	100	4,022	0.05
T&D Holdings, Inc.	200	2,862	0.04
Takeda Pharmaceutical Co. Ltd.	100	3,124	0.04
TDK Corp.	150	4,878	0.07
TIS, Inc.	100	2,627	0.04
Tokyo Gas Co. Ltd.	200	3,915	0.05
Toshiba Corp.	100	3,474	0.05
Unicharm Corp.	100	3,827	0.05
Yakult Honsha Co. Ltd.	50	3,254	0.04

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (99.01%) (continued)			
Listed Equities (35.01%) (continued)			
Malaysia (0.08%)			
Malayan Banking Bhd.	1,500	2,962	0.04
Public Bank Bhd.	3,000	2,942	0.04
Mexico (0.10%)			
Fomento Economico Mexicano SAB de CV	300	2,345	0.03
Grupo Financiero Banorte SAB de CV, O	300	2,159	0.03
Wal-Mart de Mexico SAB de CV	800	2,828	0.04
Netherlands (0.47%)			
EXOR NV	32	2,343	0.03
Heineken Holding NV	41	3,166	0.04
ING Groep NV	312	3,800	0.05
Koninklijke Ahold Delhaize NV	118	3,392	0.05
NN Group NV	66	2,699	0.04
Randstad NV	48	2,933	0.04
Universal Music Group NV	338	8,173	0.11
Wolters Kluwer NV	78	8,161	0.11
New Zealand (0.04%)			
Fisher & Paykel Healthcare Corp. Ltd.	213	3,047	0.04
Norway (0.14%)			
Equinor ASA	292	10,492	0.14
Russia (0.00%)			
TCS Group Holding plc, GDR, Reg S	41	—	—
Singapore (0.23%)			
DBS Group Holdings Ltd.	50	1,266	0.02
Singapore Telecommunications Ltd.	1,400	2,684	0.04
STMicroelectronics NV	292	10,376	0.14
United Overseas Bank Ltd.	100	2,291	0.03
South Africa (0.13%)			
FirstRand Ltd.	772	2,804	0.04
Naspers Ltd., N	28	4,678	0.06
Sasol Ltd.	143	2,282	0.03
South Korea (0.39%)			
Hana Financial Group, Inc.	106	3,545	0.05
Hyundai Mobis Co. Ltd.	18	2,867	0.04
KB Financial Group, Inc.	81	3,116	0.04
Kia Corp.	135	6,379	0.09
NCSOFT Corp.	10	3,587	0.05
Shinhan Financial Group Co. Ltd.	244	6,821	0.09

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (99.01%) (continued)			
Listed Equities (35.01%) (continued)			
South Korea (0.39%) (continued)			
SK, Inc.	16	2,410	0.03
Spain (0.31%)			
ACS Actividades de Construcción y Servicios SA	91	2,604	0.04
Banco Bilbao Vizcaya Argentaria SA	731	4,403	0.06
Endesa SA	138	2,601	0.04
Industria de Diseño Textil SA	223	5,923	0.08
Red Electrica Corp. SA	208	3,617	0.05
Repsol SA	204	3,247	0.04
Sweden (0.29%)			
Epiroc AB, A	175	3,186	0.04
Investor AB, A	169	3,144	0.04
Sandvik AB	182	3,289	0.04
Svenska Handelsbanken AB, A	260	2,618	0.04
Swedbank AB, A	160	2,721	0.04
Telefonaktiebolaget LM Ericsson, B	448	2,625	0.04
Volvo AB, B	194	3,504	0.05
Switzerland (0.48%)			
ABB Ltd.	108	3,291	0.04
Alcon, Inc.	42	2,882	0.04
Baloise Holding AG	20	3,084	0.04
Barry Callebaut AG	1	1,975	0.03
Cie Financiere Richemont SA	29	3,760	0.05
SGS SA	1	2,329	0.03
Sonova Holding AG	10	2,375	0.03
Straumann Holding AG	28	3,211	0.04
Swiss Life Holding AG	6	3,093	0.04
Swisscom AG	5	2,739	0.04
UBS Group AG	151	2,806	0.04
Zurich Insurance Group AG	9	4,302	0.06
Taiwan (0.50%)			
ASE Technology Holding Co. Ltd.	1,000	3,039	0.04
Chunghwa Telecom Co. Ltd.	1,000	3,678	0.05
CTBC Financial Holding Co. Ltd.	3,000	2,153	0.03
E.Sun Financial Holding Co. Ltd.	3,202	2,501	0.03
Fubon Financial Holding Co. Ltd.	1,470	2,689	0.04
Hon Hai Precision Industry Co. Ltd.	1,000	3,242	0.04
Hua Nan Financial Holdings Co. Ltd.	4,136	3,018	0.04
MediaTek, Inc.	150	3,033	0.04
Taiwan Cooperative Financial Holding Co. Ltd.	3,090	2,611	0.04
Taiwan Semiconductor Manufacturing Co. Ltd.	300	4,358	0.06
Unimicron Technology Corp.	1,000	3,883	0.05

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (99.01%) (continued)			
Listed Equities (35.01%) (continued)			
Taiwan (0.50%) (continued)			
United Microelectronics Corp.	2,000	2,628	0.04
Thailand (0.10%)			
Airports of Thailand PCL	1,000	2,165	0.03
Bangkok Dusit Medical Services PCL, F	2,700	2,258	0.03
CP ALL PCL	1,400	2,758	0.04
United Arab Emirates (0.09%)			
Dubai Islamic Bank PJSC	1,660	2,577	0.04
Emaar Properties PJSC	2,203	3,505	0.05
United Kingdom (1.59%)			
3i Group plc	501	8,079	0.11
Auto Trader Group plc, 144A, Reg S	437	2,721	0.04
BAE Systems plc	881	9,099	0.12
BP plc	486	2,804	0.04
British American Tobacco plc	72	2,848	0.04
BT Group plc	1,965	2,653	0.04
Burberry Group plc	160	3,890	0.05
CK Hutchison Holdings Ltd.	1,000	5,991	0.08
CNH Industrial NV	439	7,042	0.10
Coca-Cola Europacific Partners plc	53	2,932	0.04
Compass Group plc	122	2,817	0.04
Diageo plc	73	3,195	0.04
HSBC Holdings plc	2,223	13,777	0.19
Imperial Brands plc	130	3,238	0.04
Linde plc	10	3,262	0.04
National Grid plc	234	2,803	0.04
NatWest Group plc	2,497	7,963	0.11
Pearson plc	256	2,891	0.04
RELX plc	101	2,792	0.04
Smiths Group plc	135	2,591	0.04
SSE plc	445	9,152	0.13
Standard Chartered plc	1,115	8,316	0.11
United Utilities Group plc	246	2,939	0.04
Vodafone Group plc	2,361	2,391	0.03
United States of America (20.59%)			
3M Co.	24	2,878	0.04
A O Smith Corp.	48	2,748	0.04
AbbVie, Inc.	22	3,555	0.05
Accenture plc, A	9	2,402	0.03
Agilent Technologies, Inc.	40	5,986	0.08
Air Products and Chemicals, Inc.	10	3,083	0.04
Albemarle Corp.	39	8,458	0.12
Alphabet, Inc., A	697	61,496	0.84

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (99.01%) (continued)			
Listed Equities (35.01%) (continued)			
United States of America (20.59%) (continued)			
Alphabet, Inc., C	180	15,971	0.22
Altria Group, Inc.	59	2,697	0.04
Amazon.com, Inc.	148	12,432	0.17
American Financial Group, Inc.	33	4,530	0.06
Ameriprise Financial, Inc.	49	15,257	0.21
Amphenol Corp., A	35	2,665	0.04
Aon plc, A	10	3,001	0.04
Apple, Inc.	464	60,288	0.83
Arch Capital Group Ltd.	61	3,830	0.05
Archer-Daniels-Midland Co.	55	5,107	0.07
Arista Networks, Inc.	32	3,883	0.05
Arrow Electronics, Inc.	26	2,719	0.04
AT&T, Inc.	450	8,284	0.11
Automatic Data Processing, Inc.	40	9,554	0.13
AutoZone, Inc.	3	7,399	0.10
Bank of New York Mellon Corp. (The)	61	2,777	0.04
Becton Dickinson and Co.	11	2,797	0.04
Berkshire Hathaway, Inc., B	19	5,869	0.08
Booking Holdings, Inc.	5	10,076	0.14
Booz Allen Hamilton Holding Corp.	25	2,613	0.04
BorgWarner, Inc.	73	2,938	0.04
Brown & Brown, Inc.	50	2,848	0.04
Brown-Forman Corp., B	35	2,299	0.03
Cadence Design Systems, Inc.	132	21,204	0.29
Campbell Soup Co.	52	2,951	0.04
Carlisle Cos., Inc.	14	3,299	0.04
Cboe Global Markets, Inc.	20	2,509	0.03
Centene Corp.	129	10,579	0.14
CF Industries Holdings, Inc.	100	8,520	0.12
CH Robinson Worldwide, Inc.	27	2,472	0.03
Charter Communications, Inc., A	7	2,374	0.03
Cheniere Energy, Inc.	66	9,897	0.14
Chevron Corp.	16	2,872	0.04
Cigna Corp.	25	8,283	0.11
Cintas Corp.	6	2,710	0.04
Coca-Cola Co. (The)	44	2,799	0.04
Cognizant Technology Solutions Corp., A	48	2,745	0.04
Colgate-Palmolive Co.	290	22,849	0.31
Computershare Ltd.	244	4,298	0.06
Conagra Brands, Inc.	76	2,941	0.04
ConocoPhillips	51	6,018	0.08
Consolidated Edison, Inc.	58	5,528	0.08
Constellation Brands, Inc., A	10	2,317	0.03
Costco Wholesale Corp.	20	9,130	0.12
CVS Health Corp.	54	5,032	0.07
Danaher Corp.	10	2,654	0.04

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (99.01%) (continued)			
Listed Equities (35.01%) (continued)			
United States of America (20.59%) (continued)			
Dell Technologies, Inc., C	127	5,108	0.07
Devon Energy Corp.	281	17,284	0.24
Discover Financial Services	60	5,870	0.08
Domino's Pizza, Inc.	7	2,425	0.03
Dropbox, Inc., A	130	2,909	0.04
Duke Energy Corp.	25	2,575	0.04
eBay, Inc.	262	10,865	0.15
Edwards Lifesciences Corp.	36	2,686	0.04
Elevance Health, Inc.	6	3,078	0.04
Emerson Electric Co.	52	4,995	0.07
Enphase Energy, Inc.	62	16,428	0.22
EQT Corp.	70	2,368	0.03
Equitable Holdings, Inc.	85	2,439	0.03
Erie Indemnity Co., A	14	3,482	0.05
Etsy, Inc.	59	7,067	0.10
Everest Re Group Ltd.	10	3,313	0.05
Exelon Corp.	63	2,723	0.04
Expeditors International of Washington, Inc.	57	5,923	0.08
Exxon Mobil Corp.	50	5,515	0.08
FactSet Research Systems, Inc.	17	6,821	0.09
Fair Isaac Corp.	12	7,183	0.10
Fidelity National Financial, Inc.	70	2,633	0.04
First Citizens BancShares, Inc., A	3	2,275	0.03
Fortinet, Inc.	309	15,107	0.21
Freeport-McMoRan, Inc.	80	3,040	0.04
Garmin Ltd.	30	2,769	0.04
Gartner, Inc.	31	10,420	0.14
Gen Digital, Inc.	138	2,957	0.04
General Dynamics Corp.	15	3,722	0.05
General Mills, Inc.	72	6,037	0.08
Genuine Parts Co.	19	3,297	0.04
Gilead Sciences, Inc.	90	7,727	0.11
GSK plc	755	13,048	0.18
Halliburton Co.	71	2,794	0.04
Hershey Co. (The)	68	15,747	0.22
Hewlett Packard Enterprise Co.	245	3,910	0.05
Hologic, Inc.	119	8,902	0.12
Home Depot, Inc. (The)	10	3,159	0.04
Hormel Foods Corp.	60	2,733	0.04
HP, Inc.	494	13,274	0.18
Hubbell, Inc.	25	5,867	0.08
Humana, Inc.	5	2,561	0.03
Huntington Ingalls Industries, Inc.	16	3,691	0.05
IDEXX Laboratories, Inc.	32	13,055	0.18
Illinois Tool Works, Inc.	17	3,745	0.05
Interpublic Group of Cos., Inc. (The)	94	3,131	0.04

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (99.01%) (continued)			
Listed Equities (35.01%) (continued)			
United States of America (20.59%) (continued)			
Intuit, Inc.	6	2,335	0.03
J M Smucker Co. (The)	20	3,169	0.04
Jack Henry & Associates, Inc.	36	6,320	0.09
James Hardie Industries plc, CDI	127	2,286	0.03
JB Hunt Transport Services, Inc.	15	2,615	0.04
Johnson & Johnson	15	2,650	0.04
Kellogg Co.	36	2,565	0.03
Keysight Technologies, Inc.	45	7,698	0.11
Kimberly-Clark Corp.	25	3,394	0.05
Knight-Swift Transportation Holdings, Inc.	53	2,778	0.04
Kroger Co. (The)	311	13,864	0.19
Lennox International, Inc.	15	3,588	0.05
Liberty Media Corp-Liberty Formula One, C	100	5,978	0.08
Liberty Media Corp-Liberty SiriusXM	63	2,465	0.03
Live Nation Entertainment, Inc.	50	3,487	0.05
Lockheed Martin Corp.	46	22,379	0.31
Lowe's Cos., Inc.	112	22,315	0.31
LPL Financial Holdings, Inc.	36	7,782	0.11
Lululemon Athletica, Inc.	25	8,010	0.11
LyondellBasell Industries NV, A	69	5,729	0.08
M&T Bank Corp.	17	2,466	0.03
Marathon Oil Corp.	92	2,490	0.03
Marathon Petroleum Corp.	139	16,178	0.22
Marsh & McLennan Cos., Inc.	20	3,310	0.05
Masco Corp.	56	2,614	0.04
Mastercard, Inc., A	10	3,477	0.05
McCormick & Co., Inc. (Non-Voting), , (Non-Voting)	30	2,487	0.03
McDonald's Corp.	60	15,812	0.22
McKesson Corp.	18	6,752	0.09
Merck & Co., Inc.	168	18,640	0.26
Meta Platforms, Inc., A	25	3,008	0.04
MetLife, Inc.	38	2,750	0.04
Mettler-Toledo International, Inc.	10	14,455	0.20
Microsoft Corp.	209	50,122	0.69
Moderna, Inc.	115	20,656	0.28
Molina Healthcare, Inc.	17	5,614	0.08
Mondelez International, Inc., A	44	2,933	0.04
Motorola Solutions, Inc.	11	2,835	0.04
MSCI, Inc.	19	8,838	0.12
Nestle SA	20	2,310	0.03
NIKE, Inc., B	32	3,744	0.05
Norfolk Southern Corp.	11	2,711	0.04
NRG Energy, Inc.	110	3,500	0.05
Nucor Corp.	34	4,482	0.06
Old Dominion Freight Line, Inc.	10	2,838	0.04
Omnicom Group, Inc.	50	4,078	0.06

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (99.01%) (continued)			
Listed Equities (35.01%) (continued)			
United States of America (20.59%) (continued)			
ON Semiconductor Corp.	200	12,474	0.17
Oracle Corp.	46	3,760	0.05
Otis Worldwide Corp.	37	2,897	0.04
Owens Corning	44	3,753	0.05
PACCAR, Inc.	90	8,907	0.12
Packaging Corp. of America	21	2,686	0.04
Paychex, Inc.	155	17,912	0.25
PepsiCo, Inc.	59	10,659	0.15
PerkinElmer, Inc.	19	2,664	0.04
Pfizer, Inc.	1,113	57,030	0.78
Philip Morris International, Inc.	29	2,935	0.04
Pinterest, Inc., A	208	5,050	0.07
Principal Financial Group, Inc.	113	9,483	0.13
Procter & Gamble Co. (The)	19	2,880	0.04
QIAGEN NV	60	3,016	0.04
QUALCOMM, Inc.	234	25,726	0.35
Quest Diagnostics, Inc.	21	3,285	0.04
Raymond James Financial, Inc.	89	9,510	0.13
Regeneron Pharmaceuticals, Inc.	37	26,695	0.37
Regions Financial Corp.	171	3,687	0.05
Republic Services, Inc.	23	2,967	0.04
Robert Half International, Inc.	39	2,879	0.04
Roche Holding AG	49	16,349	0.22
Rockwell Automation, Inc.	14	3,606	0.05
Rollins, Inc.	100	3,654	0.05
Ross Stores, Inc.	26	3,018	0.04
RPM International, Inc.	25	2,436	0.03
Sealed Air Corp.	54	2,694	0.04
SEI Investments Co.	49	2,857	0.04
Snap-on, Inc.	24	5,484	0.07
Southwest Airlines Co.	66	2,222	0.03
Steel Dynamics, Inc.	86	8,402	0.11
Stellantis NV	824	11,709	0.16
Synchrony Financial	100	3,286	0.04
Synopsys, Inc.	72	22,989	0.31
Sysco Corp.	33	2,523	0.03
Tenaris SA	175	3,069	0.04
Texas Instruments, Inc.	258	42,627	0.58
Thermo Fisher Scientific, Inc.	4	2,203	0.03
UGI Corp.	79	2,929	0.04
Ulta Beauty, Inc.	9	4,222	0.06
United Parcel Service, Inc., B	51	8,866	0.12
UnitedHealth Group, Inc.	35	18,556	0.25
Vail Resorts, Inc.	11	2,622	0.04
Valero Energy Corp.	106	13,447	0.18
Veeva Systems, Inc., A	15	2,421	0.03

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (99.01%) (continued)			
Listed Equities (35.01%) (continued)			
United States of America (20.59%) (continued)			
VeriSign, Inc.	49	10,067	0.14
Vertex Pharmaceuticals, Inc.	10	2,888	0.04
Visa, Inc., A	15	3,116	0.04
Vistra Corp.	110	2,552	0.03
W R Berkley Corp.	100	7,257	0.10
Walgreens Boots Alliance, Inc.	66	2,466	0.03
Walmart, Inc.	15	2,127	0.03
Waters Corp.	27	9,250	0.13
WW Grainger, Inc.	5	2,781	0.04
Yum! Brands, Inc.	30	3,842	0.05
ZoomInfo Technologies, Inc., A	100	3,011	0.04
Quoted Fixed Income Securities (6.42%)			
United States Dollar (6.42%)			
U.S. Treasury Bonds, 5%,15/05/2037	104,000	116,232	1.59
U.S. Treasury Bonds, 4.5%,15/02/2036	23,000	24,557	0.34
U.S. Treasury Bonds, 6.375%,15/08/2027	71,000	77,762	1.06
U.S. Treasury Notes, 1.625%,15/05/2031	59,000	49,636	0.68
U.S. Treasury Notes, 2.5%,31/03/2023	201,700	200,756	2.75
Total Investments		<u>7,231,659</u>	<u>99.01</u>
Net Forward Foreign Exchange Contracts Value (Note 4)		<u>13,570</u>	<u>0.19</u>
		<u>7,245,229</u>	<u>99.20</u>
Other Net Assets		<u>58,677</u>	<u>0.80</u>
Net Assets as at 31 December 2022		<u>7,303,906</u>	<u>100.00</u>
Total Investments at cost as at 31 December 2022		<u>7,803,733</u>	

Additional Details on Financial Derivative Instruments

Financial assets		Fair Value USD
Forward Foreign Exchange Contracts/ Underlying Assets		
Buy CNH Sell USD	Counterparties	
	JPMorgan Chase Bank NA	<u>13,994</u>
		<u>13,994</u>
Financial liabilities		
Forward Foreign Exchange Contracts/ Underlying Assets		
Sell CNH Buy USD	Counterparties	
	JPMorgan Chase Bank NA	<u>(424)</u>
		<u>(424)</u>

INVESTMENT PORTFOLIO

AS AT 31 DECEMBER 2022

FRANKLIN SELECT APAC QUALITY INCOME FUND

	Holdings	Fair value (USD)	% of NAV
Investments (92.54%)			
Quoted Fixed Income Securities (Unlisted) (92.54%)			
British Pound (0.52%)			
United Kingdom Gilt, senior bond, 8.25%, 07/09/2024, Reg S	200,000	238,142	0.34
United Kingdom Gilt, senior bond, 10.50%, 22/07/2068, Reg S	110,000	127,514	0.18
Euro (6.82%)			
Air Products and Chemicals, Inc., 1.50%, 05/05/2028	100,000	91,930	0.13
Asahi Group Holdings Ltd., 0.47%, 23/10/2024, Reg S	160,000	160,725	0.23
AXA SA, FRN, 9.75%, 28/05/2049, Reg S	200,000	190,426	0.27
Belgium Government Bond, senior bond, 144A, 0.60%, 22/10/2023, Reg S	1,040,000	1,092,630	1.55
Carrefour SA, 7.88%, 15/12/2027, Reg S	400,000	405,761	0.57
France Government Bond, senior bond, 3.00%, 25/11/2025, Reg S	800,000	815,736	1.15
France Government Bond, senior bond, 5.25%, 25/11/2024, Reg S	1,000,000	1,049,741	1.49
Italy Buoni Poliennali Del Tesoro, senior bond, 3.75%, 01/12/2026, Reg S	800,000	782,076	1.11
Romanian Government Bond, senior note, 6.00%, 28/01/2032, Reg S	200,000	143,617	0.20
Tesco Corporate Treasury Services plc, 1.13%, 27/07/2029, Reg S	100,000	83,053	0.12
Japanese Yen (5.17%)			
Asian Development Bank, 7.05%, 21/06/2027	60,000,000	495,491	0.70
Development Bank of Japan, Inc., senior bond, 6.90%, 19/03/2026	100,000,000	807,132	1.14
Development Bank of Japan, Inc., senior note, 3.15%, 20/06/2023	100,000,000	765,383	1.08
European Investment Bank, 6.45%, 18/01/2027	100,000,000	816,488	1.16
Japan Government Bond, senior bond, 1.20%, 20/09/2025	100,000,000	768,798	1.09
Renminbi (0.62%)			
Asian Development Bank, 8.70%, 05/03/2024	3,000,000	436,763	0.62
United States Dollar (79.41%)			
Adani Electricity Mumbai Ltd., 11.60%, 22/07/2031, Reg S	1,400,000	1,016,742	1.44
Adani Green Energy UP Ltd., 18.75%, 10/12/2024, Reg S	700,000	683,900	0.97
Agricultural Bank of China Ltd., 2.55%, 19/01/2024, Reg S	1,200,000	1,152,576	1.63
Alibaba Group Holding Ltd., 12.60%, 06/12/2047	800,000	614,228	0.87
Allison Transmission, Inc., 144A, 11.25%, 30/01/2031	100,000	82,375	0.12
Anheuser-Busch InBev Worldwide, Inc., 10.50%, 01/06/2030	250,000	228,189	0.32
Apollo Commercial Real Estate Finance, Inc., 144A, 13.88%, 15/06/2029	100,000	80,169	0.11
Arcosa, Inc., 144A, 13.13%, 15/04/2029	200,000	173,691	0.25
Axiata SPV2 Bhd., 6.49%, 19/08/2030, Reg S	1,200,000	970,092	1.37
Bangkok Bank PCL, 12.15%, 19/03/2024, Reg S	1,200,000	1,182,909	1.67
Bank Mandiri Persero Tbk. PT, senior note, 6.00%, 19/04/2026, Reg S	1,400,000	1,250,921	1.77
BDO Unibank, Inc., 6.38%, 13/01/2026, Reg S	1,200,000	1,091,490	1.54
Bharti Airtel Ltd., 13.13%, 10/06/2025, Reg S	700,000	680,740	0.96
Blossom Joy Ltd., 6.60%, 21/10/2030, Reg S	1,000,000	808,155	1.14
Calpine Corp., 144A, 13.88%, 01/02/2029	100,000	85,966	0.12
CCO Holdings LLC, 144A, 12.75%, 15/01/2034	200,000	148,000	0.21
China Construction Bank Corp., 7.35%, 24/06/2030, Reg S	1,200,000	1,126,062	1.59
China Development Bank, senior note, 1.88%, 09/09/2024, Reg S	600,000	560,967	0.79
China Huaneng Group Hong Kong Treasury Management Holding Ltd., 9.00%, 10/12/2029, Reg S	900,000	800,244	1.13

FRANKLIN SELECT APAC QUALITY INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (92.54%) (continued)			
Quoted Fixed Income Securities (Unlisted) (92.54%) (continued)			
United States Dollar (79.41%) (continued)			
China Mengniu Dairy Co. Ltd., 7.50%, 17/06/2030, Reg S	1,200,000	973,862	1.38
China Overseas Finance Cayman VII Ltd., 12.75%, 26/04/2023, Reg S	900,000	891,558	1.26
Cigna Corp., 7.13%, 15/03/2031	300,000	246,256	0.35
CLP Power HK Finance Ltd., FRN, 10.65%, 06/02/2025, Reg S	1,200,000	1,113,830	1.58
CNAC HK Finbridge Co. Ltd., 13.88%, 14/03/2023, Reg S	300,000	299,518	0.42
CNAC HK Finbridge Co. Ltd., 15.38%, 14/03/2028, Reg S	1,200,000	1,160,229	1.64
CommScope, Inc., 144A, 14.25%, 01/09/2029	200,000	161,615	0.23
Crestwood Midstream Partners LP, 144A, 18.00%, 01/02/2029	200,000	183,791	0.26
DaVita, Inc., 144A, 11.25%, 15/02/2031	200,000	149,711	0.21
Element Solutions, Inc., 144A, 11.63%, 01/09/2028	200,000	170,320	0.24
Export-Import Bank of India, senior note, 6.75%, 13/01/2031, Reg S	1,200,000	947,884	1.34
Export-Import Bank of Korea, senior note, 5.25%, 19/10/2028, Reg S	1,200,000	1,004,288	1.42
Goodyear Tire & Rubber Co. (The), 14.63%, 15/03/2027	200,000	183,238	0.26
Greenko Wind Projects Mauritius Ltd., 16.50%, 06/04/2025, Reg S	500,000	469,451	0.66
Hilcorp Energy I LP, 144A, 18.00%, 01/02/2031	100,000	86,631	0.12
Hongkong Electric Finance Ltd., 5.63%, 27/08/2030, Reg S	1,200,000	947,546	1.34
Huarong Finance II Co. Ltd., 13.88%, 03/06/2026, Reg S	800,000	707,000	1.00
Indian Railway Finance Corp. Ltd., senior bond, 11.51%, 13/12/2027, Reg S	800,000	743,864	1.05
Indonesia Asahan Aluminium Persero PT, senior bond, 16.35%, 15/05/2030, Reg S	1,100,000	1,049,702	1.49
Indonesia Government Bond, senior bond, 26.10%, 08/01/2027, Reg S	1,600,000	1,586,745	2.24
Industrial & Commercial Bank of China Ltd., 3.00%, 20/07/2023, Reg S	1,200,000	1,176,024	1.66
JD.com, Inc., 10.13%, 14/01/2030	1,100,000	964,189	1.36
Kookmin Bank, 6.38%, 15/02/2025, Reg S	900,000	846,393	1.20
Korea East-West Power Co. Ltd., 10.80%, 06/05/2025, Reg S	1,200,000	1,161,474	1.64
Korea Electric Power Corp., senior note, 12.00%, 14/06/2027, Reg S	500,000	475,413	0.67
Korea Midland Power Co. Ltd., 10.88%, 21/04/2027, Reg S	1,000,000	937,498	1.33
Korea South-East Power Co. Ltd., senior bond, 6.38%, 03/02/2025, Reg S	700,000	655,434	0.93
Kraft Heinz Foods Co., 15.00%, 04/06/2042	100,000	90,904	0.13
Ladder Capital Finance Holdings LLLP, 144A, 14.25%, 15/06/2029	200,000	161,766	0.23
Lembaga Pembiayaan Ekspor Indonesia, 11.63%, 06/04/2024, Reg S	1,100,000	1,080,465	1.53
Malaysia Wakala Sukuk Bhd., senior bond, 6.21%, 28/04/2031, Reg S	1,200,000	1,016,464	1.44
MPH Acquisition Holdings LLC, 144A, 17.25%, 01/11/2028	100,000	66,721	0.09
Muthoot Finance Ltd., 13.20%, 02/09/2023, Reg S	800,000	788,130	1.12
Netflix, Inc., 144A, 16.13%, 15/11/2029	200,000	194,355	0.28
Novelis Corp., 144A, 14.25%, 30/01/2030	200,000	177,764	0.25
Oversea-Chinese Banking Corp. Ltd., FRN, 13.81%, 15/06/2032, Reg S	600,000	576,000	0.82
Pactiv Evergreen Group Issuer, Inc., 144A, 12.00%, 15/10/2027	200,000	177,730	0.25
Pelabuhan Indonesia Persero PT, senior bond, 14.63%, 01/10/2024, Reg S	1,100,000	1,087,608	1.54
Penn Entertainment, Inc., 144A, 12.38%, 01/07/2029	100,000	79,130	0.11
Pertamina Persero PT, senior bond, 6.90%, 09/02/2031, Reg S	1,500,000	1,215,970	1.72
Petronas Capital Ltd., 21.00%, 21/04/2030, Reg S	900,000	823,112	1.17
Philippine National Bank, 9.84%, 27/09/2024, Reg S	1,200,000	1,133,989	1.61
Prime Security Services Borrower LLC, 144A, 10.13%, 31/08/2027	200,000	172,952	0.25
Province of Quebec Canada, senior bond, 7.50%, 20/04/2026	600,000	564,820	0.80
Quest Diagnostics, Inc., 8.40%, 30/06/2031	300,000	252,049	0.36
Reliance Industries Ltd., 8.63%, 12/01/2032, Reg S	1,000,000	811,667	1.15

FRANKLIN SELECT APAC QUALITY INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (92.54%) (continued)			
Quoted Fixed Income Securities (Unlisted) (92.54%) (continued)			
United States Dollar (79.41%) (continued)			
Royal Caribbean Cruises Ltd., 144A, 16.50%, 31/08/2026	100,000	84,250	0.12
ServiceNow, Inc., 4.20%, 01/09/2030	300,000	230,181	0.33
SF Holding Investment Ltd., 8.63%, 20/02/2030, Reg S	1,200,000	1,013,760	1.44
Siam Commercial Bank PCL, 13.20%, 11/02/2029, Reg S	900,000	862,507	1.22
Simon Property Group LP, 6.75%, 15/01/2032	300,000	234,105	0.33
Sinopec Group Overseas Development 2018 Ltd., 8.85%, 12/11/2029, Reg S	870,000	782,603	1.11
SK Hynix, Inc., 7.13%, 19/01/2031, Reg S	1,400,000	1,027,809	1.45
Standard Industries, Inc., 144A, 10.13%, 15/01/2031	200,000	150,918	0.21
State Bank of India, 5.40%, 13/07/2026, Reg S	1,200,000	1,063,735	1.51
State Grid Overseas Investment BVI Ltd., 10.50%, 04/05/2027, Reg S	1,000,000	955,090	1.35
Station Casinos LLC, 144A, 13.50%, 15/02/2028	100,000	87,093	0.12
Tencent Holdings Ltd., 10.79%, 19/01/2028, Reg S	1,100,000	1,010,095	1.43
Three Gorges Finance I Cayman Islands Ltd., 9.45%, 02/06/2026, Reg S	1,000,000	953,355	1.35
TNB Global Ventures Capital Bhd., 9.73%, 19/10/2026, Reg S	1,100,000	1,021,015	1.45
TransDigm, Inc., 144A, 18.75%, 15/03/2026	200,000	197,678	0.28
U.S. Treasury Bonds, 10.13%, 15/08/2042	900,000	804,656	1.14
U.S. Treasury Bonds, 12.00%, 15/11/2042	1,200,000	1,175,250	1.66
U.S. Treasury Inflation Linked Notes, senior note, 1.88%, 15/01/2026	600,000	722,545	1.02
United Overseas Bank Ltd., 9.18%, 07/04/2025, Reg S	1,200,000	1,153,700	1.63
VICI Properties LP, 144A, 13.88%, 01/12/2029	100,000	91,168	0.13
Total Investments		65,395,395	92.54
Net Forward Foreign Exchange Contracts Value (Note 4)		(1,278,132)	(1.81)
		64,117,263	90.73
Other Net Assets		6,549,427	9.27
Net Assets as at 31 December 2022		70,666,690	100.00
Total Investments at cost as at 31 December 2022		75,065,409	

FRANKLIN SELECT APAC QUALITY INCOME FUND (continued)

Additional Details on Financial Derivative Instruments

Financial assets

Fair Value
USD

Forward Foreign Exchange
Contracts/ Underlying Assets

Counterparties

Buy AUD Sell USD	Barclays Bank PLC	5,585
Buy CNH Sell USD	JPMorgan Chase Bank NA	657
Buy EUR Sell USD	Citibank NA	32,480
		<u>38,722</u>

Financial liabilities

Forward Foreign Exchange
Contracts/ Underlying Assets

Counterparties

Sell AUD Buy USD	Barclays Bank PLC	(44,877)
Sell CNH Buy USD	Barclays Bank PLC	(32,275)
Sell CNH Buy USD	JPMorgan Chase Bank NA	(8)
Sell EUR Buy USD	Citibank NA	(654,765)
Sell GBP Buy USD	Citibank NA	(54,057)
Sell JPY Buy USD	Barclays Bank PLC	(439,725)
Sell PLN Buy USD	Barclays Bank PLC	(91,147)
		<u>(1,316,854)</u>

INVESTMENT PORTFOLIO

AS AT 31 DECEMBER 2022

FRANKLIN TEMPLETON SELECT APAC INCOME FUND

	Holdings	Fair value (USD)	% of NAV
Investments (99.66%)			
Quoted Investment Funds (97.19%)			
Hong Kong (97.19%)			
Franklin Select APAC Quality Income Fund	8,400,738	70,575,610	51.94
Templeton Select APAC Equity Income Fund	7,236,139	61,480,678	45.25
Exchange Traded Funds (2.47%)			
China (0.04%)			
iShares Asia Trust - iShares Core MSCI China ETF	22,030	57,077	0.04
Ireland (1.38%)			
iShares Core MSCI Japan IMI UCITS ETF	29,090	1,248,371	0.92
iShares Core MSCI Pacific ex-Japan UCITS ETF	3,790	621,861	0.46
Luxembourg (1.05%)			
Amundi MSCI EM Asia UCITS ETF	42,760	1,433,684	1.05
Total Investments		135,417,281	99.66
Net Forward Foreign Exchange Contracts Value (Note 4)		638	—*
		135,417,919	99.66
Other Net Assets		461,715	0.34
Net Assets as at 31 December 2022		135,879,634	100.00
Total Investments at cost as at 31 December 2022		158,884,391	

*Amount less than 0.01%

Additional Details on Financial Derivative Instruments

Financial assets

Forward Foreign Exchange
Contracts/ Underlying Assets

Buy CNH Sell USD

Counterparties

JPMorgan Chase Bank NA

Fair Value
USD

638

638

INVESTMENT PORTFOLIO

AS AT 31 DECEMBER 2022

TEMPLETON SELECT APAC EQUITY INCOME FUND

	Holdings	Fair value (USD)	% of NAV
Investments (98.34%)			
Exchange Traded Funds (4.51%)			
United States of America (4.51%)			
iShares MSCI India ETF	125,618	5,243,295	4.51
Listed Real Estate Investment Trusts ("REITs") (2.37%)			
Hong Kong (2.37%)			
Link REIT	376,300	2,753,550	2.37
Listed Equities (91.46%)			
Australia (5.14%)			
BHP Group Ltd.	107,334	3,324,635	2.86
Westpac Banking Corp.	167,600	2,653,166	2.28
China (17.58%)			
Alibaba Group Holding Ltd.	174,060	1,909,970	1.64
BOC Hong Kong Holdings Ltd.	164,000	556,754	0.48
China Construction Bank Corp., H	1,165,000	728,588	0.63
China Mengniu Dairy Co. Ltd.	291,000	1,312,169	1.13
China Overseas Land & Investment Ltd.	438,000	1,146,205	0.99
China State Construction International Holdings Ltd.	1,478,000	1,654,883	1.42
JD.com, Inc., A	46,021	1,284,768	1.11
JNBY Design Ltd., Reg S	2,171,000	2,579,720	2.22
Lenovo Group Ltd.	1,455,300	1,185,354	1.02
Meituan, 144A, Reg S	24,300	538,393	0.46
Tencent Holdings Ltd.	76,900	3,260,630	2.80
Tingyi Cayman Islands Holding Corp.	1,690,500	2,982,130	2.56
Topsports International Holdings Ltd., 144A, Reg S	1,652,000	1,301,593	1.12
Hong Kong (16.27%)			
AIA Group Ltd.	269,300	2,974,024	2.56
CK Asset Holdings Ltd.	272,500	1,671,311	1.43
HKT Trust & HKT Ltd.	843,000	1,031,950	0.89
Kingboard Laminates Holdings Ltd.	553,500	606,565	0.52
Sino Biopharmaceutical Ltd.	950,000	553,212	0.48
Sun Hung Kai Properties Ltd.	287,000	3,920,290	3.37
Swire Pacific Ltd., A	244,000	2,138,903	1.84
Swire Pacific Ltd., B	1,797,500	2,439,983	2.10
Techtronic Industries Co. Ltd.	55,500	616,438	0.53
VTech Holdings Ltd.	461,400	2,967,274	2.55
India (5.33%)			
Engineers India Ltd.	2,736,050	2,611,023	2.25
Housing Development Finance Corp. Ltd.	36,266	1,154,652	0.99
NHPC Ltd.	1,927,572	930,988	0.80

TEMPLETON SELECT APAC EQUITY INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (98.34%) (continued)			
Listed Equities (91.46%) (continued)			
India (5.33%) (continued)			
Reliance Industries Ltd.	49,042	1,505,237	1.29
Japan (24.28%)			
Amada Co. Ltd.	150,800	1,173,930	1.01
CKD Corp.	57,121	809,014	0.70
Hitachi Ltd.	24,900	1,252,446	1.08
KDDI Corp.	111,700	3,386,353	2.91
Keyence Corp.	2,900	1,125,524	0.97
MatsukiyoCocokara & Co.	20,500	1,030,055	0.89
Nikon Corp.	233,900	2,067,605	1.78
Nitori Holdings Co. Ltd.	10,700	1,397,610	1.20
SoftBank Corp.	368,700	4,169,922	3.59
Sony Group Corp.	11,200	853,390	0.73
Sumitomo Metal Mining Co. Ltd.	47,850	1,680,818	1.45
Sumitomo Mitsui Financial Group, Inc.	107,900	4,339,592	3.73
Takeda Pharmaceutical Co. Ltd.	50,900	1,589,912	1.37
Tokyo Electron Ltd.	5,800	1,703,622	1.46
Toyota Motor Corp.	120,500	1,643,363	1.41
Singapore (1.24%)			
United Overseas Bank Ltd.	63,000	1,443,068	1.24
South Korea (6.85%)			
Fila Holdings Corp.	54,179	1,435,345	1.23
Samsung Electro-Mechanics Co. Ltd.	10,571	1,102,444	0.95
Samsung Electronics Co. Ltd.	11,964	527,347	0.45
Samsung Electronics Co. Ltd., pfd.	62,930	2,532,421	2.18
Shinhan Financial Group Co. Ltd.	59,339	1,658,914	1.43
SK Hynix, Inc.	11,925	714,486	0.61
Taiwan (9.71%)			
Chicony Electronics Co. Ltd.	428,000	1,198,846	1.03
King Yuan Electronics Co. Ltd.	875,000	1,027,746	0.88
MediaTek, Inc.	55,700	1,126,360	0.97
Primax Electronics Ltd.	371,000	668,610	0.57
Taiwan Semiconductor Manufacturing Co. Ltd.	372,000	5,403,519	4.65
Tripod Technology Corp.	337,000	1,028,404	0.88
Wiiwynn Corp.	32,600	843,336	0.73
Thailand (3.43%)			
Major Cineplex Group PCL	2,864,700	1,505,392	1.29
PTT PCL, fgn.	2,590,400	2,486,073	2.14

TEMPLETON SELECT APAC EQUITY INCOME FUND (continued)

	Holdings	Fair value (USD)	% of NAV
Investments (98.34%) (continued)			
Listed Equities (91.46%) (continued)			
United Kingdom (1.63%)			
CK Hutchison Holdings Ltd.	315,728	1,891,504	1.63
Total Investments		114,354,624	98.34
Net Forward Foreign Exchange Contracts Value (Note 4)		641	—*
		114,355,265	98.34
Other Net Assets		1,934,432	1.66
Net Assets as at 31 December 2022		116,289,697	100.00
Total Investments at cost as at 31 December 2022		128,624,093	

*Amount less than 0.01%

Additional Details on Financial Derivative Instruments

Financial assets

Forward Foreign Exchange

Contracts/ Underlying Assets

Buy CNH Sell USD

Counterparties

JPMorgan Chase Bank NA

**Fair Value
USD**

641

641

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS

FOR THE YEAR ENDED 31 DECEMBER 2022

TEMPLETON SELECT GLOBAL LEADERS FUND

	Percentage holdings of net assets 2022 %	Percentage holdings of net assets 2021 %
Investments		
Listed Equities		
China	—	1.83
Denmark	2.14	—
France	2.37	2.10
Germany	5.99	5.05
India	3.08	1.33
Ireland	—	2.14
Japan	12.51	15.72
Norway	—	2.55
South Korea	—	3.36
Switzerland	—	2.80
Taiwan	2.05	3.96
United Kingdom	8.74	5.00
United States of America	54.87	47.12
Total Investments	91.75	92.96
Forward Foreign Exchange Contracts (Note 4)	0.29	0.09
	92.04	93.05
Other Net Assets	7.96	6.95
Net Assets as at year end	100.00	100.00

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS

FOR THE YEAR ENDED 31 DECEMBER 2022

FRANKLIN SELECT GLOBAL MULTI-ASSET INCOME FUND

	Percentage holdings of net assets 2022 %	Percentage holdings of net assets 2021 %
Investments		
Quoted Investment Funds		
Luxembourg	11.08	11.60
Exchange Traded Funds		
China	—	5.07
Ireland	31.65	32.88
United States of America	14.10	7.02
Listed Real Estate Investment Trusts ("REITs")		
Australia	0.04	0.21
Hong Kong	—	0.04
Singapore	0.04	0.04
United Kingdom	—	0.15
United States of America	0.67	0.18
Listed Equities		
Australia	0.66	0.30
Belgium	0.09	0.13
Brazil	0.28	0.16
Canada	0.84	0.52
Chile	0.03	0.04
China	0.95	0.88
Denmark	0.30	0.41
Finland	0.13	0.10
France	1.18	1.70
Germany	0.91	1.00
Hong Kong	0.33	0.30
India	0.70	0.92
Indonesia	0.09	0.04
Ireland	0.05	0.10
Israel	0.16	0.09
Italy	0.05	0.24
Japan	2.73	3.35
Luxembourg	—	0.14
Malaysia	0.08	0.04
Mexico	0.10	0.09
Netherlands	0.47	0.59
New Zealand	0.04	0.04
Norway	0.14	0.04
Russia	—	0.03
Singapore	0.23	0.09
South Africa	0.13	0.27
South Korea	0.39	0.48
Spain	0.31	0.45
Sweden	0.29	0.55
Switzerland	0.48	0.94
Taiwan	0.50	0.83
Thailand	0.10	0.08
United Arab Emirates	0.09	0.08
United Kingdom	1.59	0.95
United States of America	20.59	23.11
Quoted Fixed Income Securities		
United States Dollar	6.42	3.89
Total Investments	99.01	100.16
Forward Foreign Exchange Contracts (Note 4)	0.19	0.06
Other Net Assets	0.80	(0.22)
Net Assets as at year end	100.00	100.00

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS

FOR THE PERIOD ENDED 31 DECEMBER 2022

FRANKLIN SELECT APAC QUALITY INCOME FUND

	Percentage holdings of net assets 2022 %
Investments	
Quoted Fixed Income Securities (Unlisted)	
British Pound	0.52
Euro	6.82
Japanese Yen	5.17
Renminbi	0.62
United States Dollar	79.41
Total Investments	92.54
Forward Foreign Exchange Contracts (Note 4)	(1.81)
	90.73
Other Net Assets	9.27
Net Assets as at period end	100.00

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS

FOR THE PERIOD ENDED 31 DECEMBER 2022

FRANKLIN TEMPLETON SELECT APAC INCOME FUND

	Percentage holdings of net assets 2022 %
Investments	
Quoted Investment Funds	
Hong Kong	97.19
Exchange Traded Funds	
China	0.04
Ireland	1.38
Luxembourg	1.05
Total Investments	99.66
Forward Foreign Exchange Contracts (Note 4)	—*
	99.66
Other Net Assets	0.34
Net Assets as at period end	100.00

*Amount less than 0.01%

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS

FOR THE PERIOD ENDED 31 DECEMBER 2022

TEMPLETON SELECT APAC EQUITY INCOME FUND

	Percentage holdings of net assets 2022 %
Investments	
Exchange Traded Funds	
United States of America	4.51
Listed Real Estate Investment Trusts ("REITs")	
Hong Kong	2.37
Listed Equities	
Australia	5.14
China	17.57
Hong Kong	16.28
India	5.33
Japan	24.28
Singapore	1.24
South Korea	6.85
Taiwan	9.71
Thailand	3.43
United Kingdom	1.63
Total Investments	98.34
Forward Foreign Exchange Contracts (Note 4)	—*
	98.34
Other Net Assets	1.66
Net Assets as at period end	100.00

*Amount less than 0.01%

INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS

FOR THE PERIOD/YEAR ENDED 31 DECEMBER 2022

The following table details the exposure arising from the use of financial derivative instruments as a percentage of net asset value of each of the Funds for the period ended 31 December 2022:

	<u>Templeton Select Global Leaders Fund</u>		<u>Franklin Select Global Multi-Asset Income Fund</u>	
	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure
	%	%	%	%
Highest	92.26	—*	60.03	—*
Lowest	63.46	—*	41.26	—*
Average	75.05	—*	48.55	—*

* No financial derivative instruments were used for investment purposes.

	<u>Franklin Select APAC Quality Income Fund</u>		<u>Franklin Templeton Select APAC Income Fund</u>	
	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure
	%	%	%	%
Highest	122.98	—*	0.13	—*
Lowest	36.90	—*	—#	—*
Average	51.88	—*	0.12	—*

* No financial derivative instruments were used for investment purposes.

Amount less than 0.01%.

	<u>Templeton Select APAC Equity Income Fund</u>	
	Gross Exposure	Net Exposure
	%	%
Highest	0.31	0.03
Lowest	0.13	—
Average	0.15	0.01

PERFORMANCE TABLE

FOR THE PERIOD/YEAR ENDED 31 DECEMBER 2022

Templeton Select Global Leaders Fund

NET ASSET VALUES

	Financial year	Net asset value	Net asset value per unit in issue
Class A (Acc) HKD	31.12.2022	USD1,687,234	HKD11.08
Class A (Acc) HKD	31.12.2021	USD2,148,089	HKD14.09
Class A (Acc) HKD	31.12.2020	USD2,298,138	HKD13.06
Class A (Acc) RMB-H1	31.12.2022	USD1,752,798	CNH11.94
Class A (Acc) RMB-H1	31.12.2021	USD2,439,756	CNH15.29
Class A (Acc) RMB-H1	31.12.2020	USD2,180,334	CNH13.91
Class A (Acc) USD	31.12.2022	USD1,651,773	USD11.01
Class A (Acc) USD	31.12.2021	USD2,102,943	USD14.02
Class A (Acc) USD	31.12.2020	USD1,961,078	USD13.07

PERFORMANCE RECORD

	Financial year	Highest net asset value per unit	Lowest net asset value per unit
Class A (Acc) HKD	31.12.2022	HKD14.28	HKD10.02
Class A (Acc) HKD	31.12.2021	HKD14.56	HKD12.96
Class A (Acc) HKD	31.12.2020	HKD13.06	HKD8.40
Class A (Acc) HKD	31.12.2019	HKD12.13	HKD10.63
Class A (Acc) HKD	31.12.2018	HKD13.89	HKD10.63
Class A (Acc) HKD	31.12.2017	HKD12.91	HKD11.08
Class A (Acc) HKD	31.12.2016	HKD11.31	HKD9.85
Class A (Acc) RMB-H1	31.12.2022	CNH15.51	CNH10.78
Class A (Acc) RMB-H1	31.12.2021	CNH15.76	CNH13.81
Class A (Acc) RMB-H1	31.12.2020	CNH13.91	CNH8.87
Class A (Acc) RMB-H1	31.12.2019	CNH12.73	CNH11.04
Class A (Acc) RMB-H1	31.12.2018	CNH14.32	CNH11.09
Class A (Acc) RMB-H1	31.12.2017	CNH13.35	CNH11.22
Class A (Acc) RMB-H1	31.12.2016	CNH11.45	CNH9.84
Class A (Acc) USD	31.12.2022	USD14.22	USD9.90
Class A (Acc) USD	31.12.2021	USD14.51	USD12.96
Class A (Acc) USD	31.12.2020	USD13.07	USD8.40
Class A (Acc) USD	31.12.2019	USD12.09	USD10.51
Class A (Acc) USD	31.12.2018	USD13.78	USD10.53
Class A (Acc) USD	31.12.2017	USD12.82	USD11.09
Class A (Acc) USD	31.12.2016	USD11.31	USD9.85

Franklin Select Global Multi-Asset Income Fund

NET ASSET VALUES

	Financial year	Net asset value	Net asset value per unit in issue
Class A (Mdis) HKD	31.12.2022	USD3,441,094	HKD7.50
Class A (Mdis) HKD	31.12.2021	USD4,669,077	HKD9.56
Class A (Mdis) HKD	31.12.2020	USD4,865,497	HKD9.44
Class A (Mdis) RMB-H1	31.12.2022	USD1,616,790	CNH7.71
Class A (Mdis) RMB-H1	31.12.2021	USD2,381,435	CNH10.02
Class A (Mdis) RMB-H1	31.12.2020	USD3,063,928	CNH9.87
Class A (Mdis) USD	31.12.2022	USD2,246,022	USD7.46
Class A (Mdis) USD	31.12.2021	USD2,714,573	USD9.52
Class A (Mdis) USD	31.12.2020	USD2,828,573	USD9.45

PERFORMANCE RECORD

	Financial year	Highest net asset value per unit	Lowest net asset value per unit
Class A (Mdis) HKD	31.12.2022	HKD9.56	HKD7.08
Class A (Mdis) HKD	31.12.2021	HKD9.88	HKD9.23
Class A (Mdis) HKD	31.12.2020	HKD9.44	HKD7.47
Class A (Mdis) HKD	31.12.2019	HKD9.38	HKD8.75
Class A (Mdis) HKD	31.12.2018	HKD10.35	HKD8.59
Class A (Mdis) HKD	31.12.2017	HKD10.23	HKD9.82
Class A (Mdis) HKD	31.12.2016	HKD10.30	HKD9.68
Class A (Mdis) RMB-H1	31.12.2022	CNH10.02	CNH7.28
Class A (Mdis) RMB-H1	31.12.2021	CNH10.37	CNH9.64
Class A (Mdis) RMB-H1	31.12.2020	CNH9.87	CNH7.79
Class A (Mdis) RMB-H1	31.12.2019	CNH9.68	CNH9.04
Class A (Mdis) RMB-H1	31.12.2018	CNH10.68	CNH8.87
Class A (Mdis) RMB-H1	31.12.2017	CNH10.51	CNH9.94
Class A (Mdis) RMB-H1	31.12.2016	CNH10.32	CNH9.76
Class A (Mdis) USD	31.12.2022	USD9.52	USD7.01
Class A (Mdis) USD	31.12.2021	USD9.87	USD9.22
Class A (Mdis) USD	31.12.2020	USD9.45	USD7.48
Class A (Mdis) USD	31.12.2019	USD9.32	USD8.67
Class A (Mdis) USD	31.12.2018	USD10.27	USD8.51
Class A (Mdis) USD	31.12.2017	USD10.18	USD9.82
Class A (Mdis) USD	31.12.2016	USD10.30	USD9.68

Franklin Select APAC Quality Income Fund

NET ASSET VALUES

	Financial period	Net asset value	Net asset value per unit in issue
Class A (acc) USD	31.12.2022	USD4,384	USD8.77
Class A (Mdis) HKD	31.12.2022	USD4,373	HKD8.28
Class A (Mdis) RMB-H1	31.12.2022	USD78,200	CNH8.35
Class A (Mdis) USD	31.12.2022	USD4,123	USD8.25
Class Y (Mdis) USD	31.12.2022	USD70,575,610	USD8.40

PERFORMANCE RECORD

	Financial period	Highest net asset value per unit	Lowest net asset value per unit
Class A (acc) USD	31.12.2022	USD10.00	USD8.49
Class A (Mdis) HKD	31.12.2022	HKD10.00	HKD8.10
Class A (Mdis) RMB-H1	31.12.2022	CNH10.01	CNH8.16
Class A (Mdis) USD	31.12.2022	USD10.00	USD8.02
Class Y (Mdis) USD	31.12.2022	USD10.01	USD8.16

Franklin Templeton Select APAC Income Fund

NET ASSET VALUES

	Financial period	Net asset value	Net asset value per unit in issue
Class A (acc) USD	31.12.2022	USD4,315	USD8.63
Class A (Mdis) HKD	31.12.2022	USD4,106	HKD8.24
Class A (Mdis) RMB-H1	31.12.2022	USD76,211	CNH8.13
Class A (Mdis) USD	31.12.2022	USD4,111	USD8.22
Class C (acc) USD	31.12.2022	USD135,790,891	USD8.76

PERFORMANCE RECORD

	Financial period	Highest net asset value per unit	Lowest net asset value per unit
Class A (acc) USD	31.12.2022	USD10.21	USD7.89
Class A (Mdis) HKD	31.12.2022	HKD10.18	HKD7.63
Class A (Mdis) RMB-H1	31.12.2022	CNH10.22	CNH7.53
Class A (Mdis) USD	31.12.2022	USD10.21	USD7.57
Class C (acc) USD	31.12.2022	USD10.21	USD8.00

Templeton Select APAC Equity Income Fund

NET ASSET VALUES

	Financial period	Net asset value	Net asset value per unit in issue
Class A (acc) USD	31.12.2022	USD4,338	USD8.68
Class A (Mdis) HKD	31.12.2022	USD4,140	HKD8.31
Class A (Mdis) RMB-H1	31.12.2022	USD77,989	CNH8.32
Class A (Mdis) USD	31.12.2022	USD4,147	USD8.29
Class C (acc) USD	31.12.2022	USD54,718,405	USD8.77
Class Y (Mdis) USD	31.12.2022	USD61,480,678	USD8.50

PERFORMANCE RECORD

	Financial period	Highest net asset value per unit	Lowest net asset value per unit
Class A (acc) USD	31.12.2022	USD10.40	USD7.38
Class A (Mdis) HKD	31.12.2022	HKD10.38	HKD7.16
Class A (Mdis) RMB-H1	31.12.2022	CNH10.41	CNH7.17
Class A (Mdis) USD	31.12.2022	USD10.40	USD7.11
Class C (acc) USD	31.12.2022	USD10.41	USD7.46
Class Y (Mdis) USD	31.12.2022	USD10.41	USD7.26

ADMINISTRATION

MANAGER, ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT

Franklin Templeton Investments (Asia) Limited
17/F, Chater House
8 Connaught Road Central
Hong Kong

DIRECTORS OF THE MANAGER

Molina, George H
Plafker, Jed Andrew
Wong, Tak Tai (Appointed on 21 February 2022)
Young, Ho Yip Alan

INVESTMENT MANAGER

For: Franklin Select APAC Quality Income Fund

Franklin Templeton Investment Management Limited
Cannon Place
78 Cannon Street
London, EC4N6HL
England

For: Franklin Select Global Multi-Asset Income Fund
Templeton Select Global Leaders Fund
Templeton Select APAC Equity Income Fund
Franklin Templeton Select APAC Income Fund

Franklin Templeton Investments (Asia) Limited
17/F, Chater House
8 Connaught Road Central
Hong Kong

TRUSTEE

Cititrust Limited
50/F, Champion Tower
Three Garden Road, Central
Hong Kong

CUSTODIAN

Citibank, N.A. (Hong Kong Branch)
50/F, Champion Tower
Three Garden Road, Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
22/F, Prince's Building, Central
Hong Kong