

Product Key Facts

Franklin Floating Rate Fund plc

Issuer: Franklin Templeton Investments (Asia) Limited

Last updated: April 2023

- **This statement provides you with key information about this product.**
- **This statement is a part of the offering document.**
- **You should not invest in this product based on this statement alone.**

Quick facts

Management Company (AIFM): Franklin Templeton International Services S.à r.l.

Investment manager: Franklin Advisers, Inc., United States of America (internal delegation)

Depositary: J.P. Morgan SE – Dublin Branch

Base currency: USD

Financial year end of this Fund: 31 July

Ongoing charges over a year[#]:

Class A (acc): 1.04%

Class A (dis): 1.04%

Class A (dis) EUR-H1: 1.04%

Class A (dis) HKD: 1.04%

Class A (dis) RMB-H1: 1.04%

Class A (dis) SGD-H1: 1.04%

[#] The ongoing charges figures are based on the semi-annual report for the period ended 31 January 2023. These figures may vary from year to year.

Dealing frequency: Every Hong Kong Business Day

Dividend policy: Dividends, if declared, will be reinvested unless indicated by you in the application form to be paid out. Subject to any legal and regulatory requirements, the Fund may at its discretion pay dividends out of the capital or out of gross income of the Fund while charging/ paying all or part of the Fund's fees and expenses to/ out of the capital of the Fund, which results in an increase in distributable income for the payment of dividends by the Fund and therefore, the Fund may effectively pay dividends out of capital. The Fund may amend such distribution policy subject to the Securities and Futures Commission ("SFC")'s prior approval and by giving not less than one month's prior notice to investors. Any distributions involving payment of dividends out of the Fund's capital or payment of dividends effectively out of the Fund's capital (as the case may be) may result in an immediate reduction of the net asset value per share.

Minimum Investment: USD 1,000 or equivalent [initial], USD 500 or equivalent [additional]

What is this product?

This is a feeder fund constituted in the form of an investment company with variable capital incorporated in Ireland. Its home regulator is the Central Bank of Ireland.

Investment Objective and Policy

Franklin Floating Rate Fund plc (the "Fund") aims to provide investors with a high level of current income and preservation of capital by investing up to 100% of its net assets in shares of the Franklin Floating Rate Master Series (the "Master Fund"), a series of the Franklin Floating Rate Master Trust, which invests primarily in senior secured corporate loans and corporate debt securities with floating interest rates. Any net assets not invested in the Master Fund will be retained in cash or invested in cash equivalents or as otherwise provided for in the prospectus.

The debt obligations (U.S. government securities, U.S. government agency securities, money market instruments, corporate and commercial obligations and repurchase agreements) in which the Master Fund may invest (whether by way of subscription, acquisition, participation or investment) primarily consist of obligations traded on the over-the-counter market in the United States conducted by primary dealers and secondary dealers, and by banking institutions.

The Master Fund's floating rate investments will, in most instances, hold the most senior position in the capitalization structure of the company and be secured by specific collateral.



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The Master Fund normally invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in corporate loans and corporate debt securities that are made to, or issued by, borrowers that are U.S. companies, non-U.S. borrowers and U.S. subsidiaries of non-U.S. borrowers and that have floating interest rates (floating interest rate loans and securities). The Master Fund includes investments that provide exposure to such corporate loans and debt securities, such as collateralized loan obligations, for purposes of compliance with such 80% test.

The Master Fund normally invests primarily in corporate loans or securities of U.S. entities, but may invest up to 65% of its assets in corporate loans or corporate debt securities of entities in developed countries other than the U.S. The Master Fund may from time to time invest in corporate debt securities of entities in emerging market countries, but currently does not intend to invest more than 35% of its assets in emerging market countries.

The Master Fund currently invests predominantly in corporate loans or corporate debt securities that are U.S. dollar-denominated or otherwise provide for payment in U.S. dollars.

When the Investment Adviser of the Master Fund, Franklin Advisers, Inc., believes market or economic conditions are unfavorable for investors (for example in times of market failure), the Investment Adviser of the Master Fund may invest up to 100% of the Master Fund's assets in a temporary defensive manner by holding all or a substantial portion of its assets in cash, cash equivalents or other high quality short-term investments. Temporary defensive investments generally may include short-term U.S. government securities, high-grade commercial paper, bank obligations, repurchase agreements, money market fund shares (including shares of an affiliated money market fund) and other money market instruments. The Investment Adviser of the Master Fund also may invest in these types of securities or hold cash while looking for suitable investment opportunities, to maintain liquidity or to segregate on the Master Fund's books in connection with its derivative strategies.

In addition to the Master Fund's main investments, the Master Fund may invest up to 20% of its net assets in certain other types of debt obligations or securities, including other secured, second lien, subordinated or unsecured corporate loans and corporate debt securities, and fixed rate obligations of U.S. companies, non-U.S. entities and U.S. subsidiaries of non-U.S. entities.

The Master Fund may invest up to 100% of its portfolio in floating interest rate loans and securities that may be high yield, high risk, debt securities and are rated less than investment grade (i.e., less than BBB, sometimes called junk bonds) or if unrated are determined to be of comparable quality by the Investment Adviser of the Master Fund. Under normal conditions, the Master Fund invests at least 75% of its net assets in floating interest rate loans and securities that are rated B- or higher by a nationally recognised statistical rating organization ("NRSRO") or, if unrated, are determined to be of comparable quality by the Investment Adviser of the Master Fund. Under normal conditions, the Master Fund may invest up to 25% of its net assets in floating interest rate loans and securities that are rated below B- by an NRSRO or, if unrated, are determined to be of comparable quality by the Investment Adviser of the Master Fund.

The Master Fund has no restrictions on portfolio maturity. The Master Fund anticipates, however, that a majority of its investments will have stated maturities ranging from three to seven years. This means that the borrower is required to fully repay the obligation within that time period. The Master Fund also anticipates that its investments will generally have an expected average life of five years or less. To a limited extent, the Master Fund may also acquire warrants and equities securities traded on certain recognised markets in connection with or incidental to the Master Fund's investment activities.

The Master Fund may invest up to 5% of its net assets in other investment companies, including closed-end funds, exchange traded funds (ETFs) and affiliated money market funds.

The Master Fund does not intend to invest more than 10% of its net asset value in securities issued and/or guaranteed by any single sovereign issuer (including its government and a public or local authority of that country) with a credit rating below investment grade, including unrated sovereign issuers.

Use of derivatives / investment in derivatives

The Master Fund's net derivative exposure may be up to 50% of the Master Fund's net asset value.



What are the key risks?

Investment involves risks. Please refer to the offering document for details including the risk factors.

- **Market risk:** The market values of the Master Fund's investments (such as corporate loans and corporate debt securities) will tend to go up or down, sometimes rapidly or unpredictably, due to factors affecting individual issuers, particular industries or sectors within securities markets, or because of general market conditions. During a general downturn in the debt and securities markets, multiple asset classes (including different sectors of the same asset class) may decline in value at the same time. Similarly, when markets perform well, there can be no assurance that investments held by the Master Fund will participate in the advance. Because the investments the Master Fund holds fluctuate in price in this manner, the Fund's value may go down as well as up and investors may be adversely affected.
- **Interest rate risk:** Interest rates changes tend to be driven by prevailing economic, political and regulatory conditions as well as issuer-specific factors, impacting longer term securities more than short-term securities. A fixed income loan or security's value will generally increase in value when interest rates fall and decrease in value when interest rates rise. Movements in interest rates may therefore adversely affect the valuation of the Master Fund's investments (such as corporate loans and corporate debt securities) and the net asset values of the Master Fund and the Fund on a daily basis, in addition to impacting the amount of interest income earned by the Master Fund. Conditions in the banking sector may also adversely affect interest rates and the prices of fixed income securities, which may in turn adversely affect the value and/or performance of the Master Fund and the Fund.
- **Credit risk and sovereign debt risk:** The Master Fund may invest in debt obligations (such as bonds) issued by governments and corporate entities. Investment in sovereign debts issued or guaranteed by governments or by corporate entities involves a high degree of risk, as default can occur if the relevant government or corporate entity is not able or willing to repay the principal and/or interest when due. Fixed income securities are also exposed to the risk of being downgraded, which can adversely affect and/or result in a substantial loss to the Master Fund. Additional risks for sovereign debt include the unilateral rescheduling of sovereign debt by the issuer and the limited legal recourses available against a sovereign issuer, which may adversely affect the Master Fund and the Fund.
- **Low-rated, unrated or non-investment grade securities risk:** The Master Fund may invest in lower rated, unrated or non-investment grade securities (such as lower rated bonds) where the risk of failure to pay interest and/or principal is greater vs. higher rated securities. Lower rated, unrated or non-investment grade securities generally pose greater illiquidity and valuation risks. These risks may result in a substantial loss to the Fund.
- **Liquidity risk:** The Master Fund may not be able to easily sell securities due to adverse market conditions or reduced value or creditworthiness of issuers in which it invests. The inability of the Master Fund to sell securities or positions may also impede the ability of the Fund to meet redemption requests in a timely manner. Certain securities may also be illiquid due to limited trading markets or contractual restrictions on their resale. Reduced liquidity due to these factors may have an adverse impact on the net asset value of the Master Fund and the Fund.
- **Emerging markets risk:** The Master Fund may invest in, or be exposed to, emerging markets. Emerging markets are generally smaller and less liquid, with greater exposure to economic, political, and regulatory uncertainties, than developed markets. The risks of investments in emerging markets, which can adversely affect and/or result in a substantial loss to the Fund, may include: investment and repatriation restrictions; the potential for unusual or higher market volatility as compared to more industrialized nations; shallow and substantially smaller liquid securities markets than in more industrialized countries, which means the Master Fund may at times be unable to sell certain securities at desirable prices; international and regional political and economic developments; possible imposition of exchange controls or other local governmental laws or restrictions.
- **Repurchase agreement risk:** With collateralized repurchase transactions, the Master Fund and the Fund could suffer losses if the counterparty defaults and the collateral is worth less than the cash placed under the agreement.

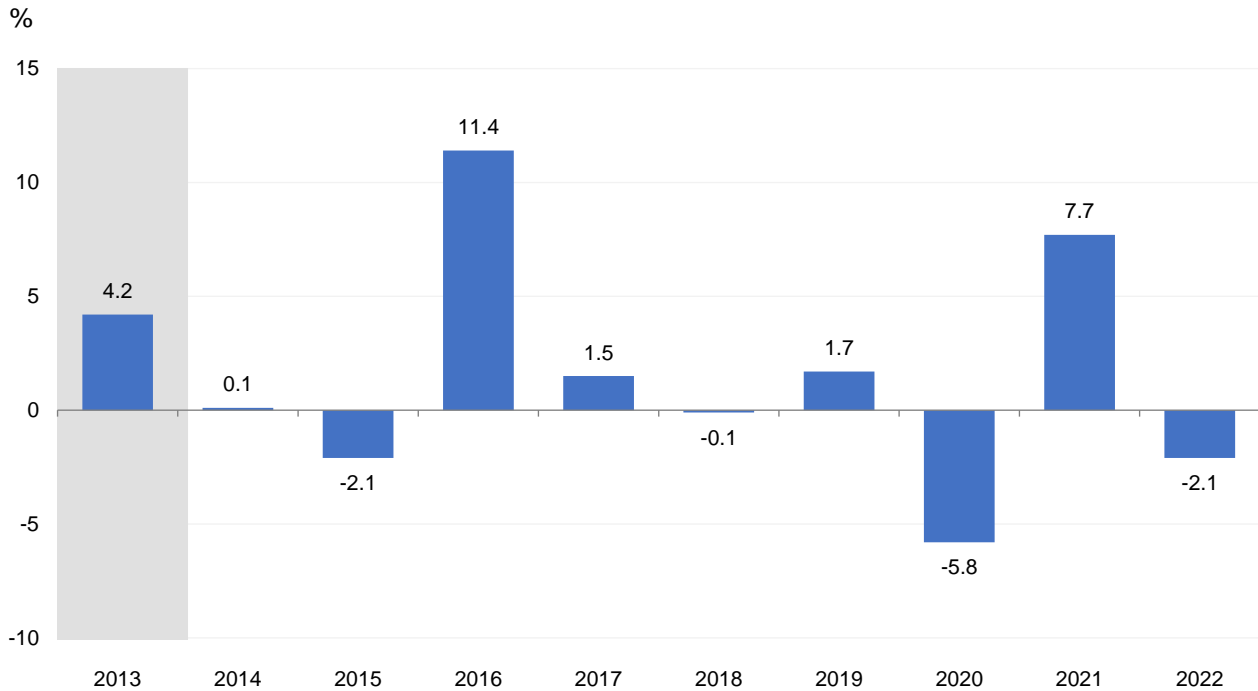


- **Derivatives risk:** *The Master Fund may use derivative instruments or structured products for hedging or for efficient portfolio management (to reduce risk or cost), although there is no assurance that the use of derivative instruments for these intended purposes will be achieved. Derivative instruments involve cost, may be volatile, and may involve a leverage effect. A small market movement may give rise to a proportionately larger impact, which may cause substantial loss to the Master Fund and the Fund. Other risks include delivery failure, default by the counterparty or the inability to close out a position because the trading market becomes illiquid.*
- **Counterparty risk:** *Over-the-counter bilateral contracts for financial derivatives used for hedging purposes or for efficient portfolio management depend on the solvency of the counterparties involved, exposing the Master Fund and the Fund to potential loss. The issuers of loans and securities in which the Master Fund invests may assume large amounts of debt in order to achieve their business objectives and may enter into transactions such as refinancings, recapitalizations, mergers and acquisitions, and other financings for general corporate purposes. High indebtedness and restructurings can be the result of, or lead to, financial distress for the issuers, resulting in losses to the Master Fund and the Fund.*
- **Hedged share classes risk:** *The Fund is offered in hedged share classes in addition to unhedged share classes. The intent of the hedged share classes is to offer a return that closely tracks the comparable USD share classes less hedging costs, but in a currency other than the base currency, which is accomplished using forward foreign currency contracts or currency options. There is a risk that such techniques will not achieve their intended objective, that hedging costs may be higher than expected, or that hedging will limit gains the investor would have otherwise earned if the class currency falls against the base currency of the Fund, which may adversely impact investors of the relevant hedged share class.*
- **Currency risk:** *The investments of the Master Fund may be denominated in currencies other than the class currencies of the share classes of the Fund. In such circumstances, adverse exchange rate fluctuations between the currencies in which the investments of the Master Fund are denominated and the relevant class currency may indirectly result in a decrease in return and/or a loss of capital for shareholders.*
- **RMB Currency and Conversion risks:** *RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the Fund's base currency (i.e., USD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Fund. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors. Under exceptional circumstances, payment of redemptions and/or dividend payment may be delayed due to exchange controls and restrictions applicable to RMB.*
- **Dividend policy risk:** *The Fund may apply an equalization formula from time to time, which constitutes payment of dividends out of capital. The Fund's dividend policy also allows for payment of dividends effectively out of capital. Payment of dividends under such circumstances amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital or payment of dividends effectively out of the Fund's capital (as the case may be) may result in an immediate reduction of the net asset value per share. The distribution amount and net asset value of a hedged share class may be adversely affected by differences in the interest rates of the reference currency of the hedged share class and the Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged share classes.*



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How has the Fund performed?



■ The performance of the Fund in this year was achieved under circumstances that no longer apply. The investment techniques and the investment objectives and policies of the Master Fund were changed in 2014.

- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividends reinvested.
- These figures show by how much class A (dis) increased or decreased in value during the calendar year being shown. Class A (dis) is the share class available in Hong Kong with the longest history in the Fund. Performance data has been calculated in USD, including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Fund launch date: 15 May 2000
- Class A (dis) launch date: 15 October 2002

Is there any guarantee?

Like most funds, this Fund does not have any guarantees. You may not get back the full amount of money you invest.



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What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the Fund.

Fee	What you pay
	Class A
Subscription fee (Initial sales charge)	Up to 5.00% of the subscription amount
Switching fee	N/A
Redemption fee	N/A

Ongoing fees payable by the Fund and by the Master Fund

The following expenses will be paid out of the Fund and the Master Fund. They affect you because they reduce the return you get on your investments.

	Annual rate
	Class A**
Management fee (Investment management fee)*	Up to 0.53% of the Master Fund's net asset value
Depositary fee^	Up to 0.025% of the Fund's net asset value
Performance fee	N/A
Administration fee	Up to 0.60% of the Fund's net asset value
Maintenance charge	Up to 0.30% of the Fund's net asset value
AIFM fee*	Up to 0.06% of the Fund's net asset value

*This fee is payable by the Master Fund to Franklin Advisers, Inc. as the investment adviser of the Master Fund and its level depends on the average daily net assets of the Master Fund. Please refer to the prospectus of the Fund for details.

^The Depositary is also entitled to be reimbursed for transaction charges and reasonable out-of-pocket expenses incurred for the benefit of the Fund.

*The AIFM fee is payable by the Fund to the AIFM for the provision of management company and principal distribution services.

**The aggregate fees levied or deducted by the AIFM and Franklin Advisers, Inc. (as the investment adviser of the Master Fund) from the Fund and/or the Master Fund (as the case may be) for the provision of investment management and distribution services comprise of the management fee (investment management fee), the AIFM fee and the maintenance charge.

Other fees

You may have to pay other fees and charges when dealing in the shares of the Fund.

Additional Information

- You generally buy and redeem shares at the Fund's next determined net asset value (NAV) after the Hong Kong Representative, Franklin Templeton Investments (Asia) Limited, receives your request in good order on or before 4:00 p.m. (Hong Kong time) being the dealing cut-off time. Certain intermediaries may impose an earlier dealing cut-off time.
- The net asset value of this Fund is calculated and the price of shares is published on each business day. Information about prices are available online at www.franklintempleton.com.hk.
- The compositions of the dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are made available by the Hong Kong Representative on request and are also available online at www.franklintempleton.com.hk.
- Investors may obtain the past performance information of other share classes offered to Hong Kong investors from the Hong Kong Representative's website at www.franklintempleton.com.hk.



- *Investors may obtain information on the intermediaries by calling the Hong Kong Representative at (852) 2877-7733 or visiting the Hong Kong Representative's website at www.franklintempleton.com.hk.*
- *The website mentioned above has not been reviewed by SFC.*

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.