



Product Key Facts

Franklin Templeton Investment Funds – Franklin Income Fund

Last updated: 31 March 2014

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

Quick facts

Management company: Franklin Templeton International Services S.à r.l.

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

Custodian: J.P. Morgan Bank Luxembourg S.A.

Base currency: USD

Financial year end of this Fund: 30 June

Dealing frequency: Every Hong Kong Business Day

Minimum Investment: USD 1,000 [initial] and USD 500 [subsequent purchases] or equivalent

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 paying all or part of the Fund's fees and expenses out of the capital of the Fund, which results in effectively paying dividends out of capital. The Fund may amend such distribution policy subject to the SFC's prior approval and by giving not less than one month's prior notice to investors. Any distributions involving payment of dividends out of the Fund's capital or payment of dividends effectively out of the Fund's capital (as the case may be) may result in an immediate reduction of the net asset value per share.

What is this product?

This is a fund constituted in the form of a mutual fund. It is domiciled in Luxembourg and its home regulator is Commission de Surveillance du Secteur Financier ("CSSF").

Objective and Investment Strategy

Franklin Income Fund (the "Fund") aims to earn income and, secondarily, to increase the value of its investments over the medium to long term.

The Fund invests principally in:

- equity and equity-related securities issued by companies located in, or doing significant business in, the U.S.
- debt securities (including lower-quality securities) issued by corporations



The Fund can invest to a lesser extent in:

- *equity and debt securities traded in the U.S. and issued by corporations located anywhere in the world (limited to 25% of assets)*
- *equity or debt securities issued by corporations that entitle the holder to receive equity or debt securities of another corporation located anywhere in the world (limited to 25% of assets)*

The investment team uses in-depth analysis to select individual securities that it believes are undervalued and will provide the best opportunities for income and increased value over the long term.

The Fund does not intend to invest extensively or primarily in financial derivative instruments for investment purposes.

What are the key risks?

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

- ***Equity risk:*** *Equity and equity-linked securities are subject to significant price movements due to various economic, political, market and issuer-specific factors. Such changes may adversely affect the value of equities regardless of issuer-specific performance. Additionally, different industries, financial markets and securities can react differently to these changes. Such fluctuations of the Fund's value are often exacerbated in the short-term. Financial markets trends (including feared or actual failures in the banking system) may also cause large fluctuations in the prices of such securities. As a result, the Fund may be adversely affected.*
- ***Interest rate securities 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. While changes in interest rates may affect the Fund's interest income, such changes may positively or negatively affect the net asset value of the Fund's shares on a daily basis. A fixed income 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 adversely affect a fixed income security's value and the Fund's net asset value. Conditions in the banking sector may also adversely affect interest rates and the prices of fixed income securities.*
- ***Credit risk:*** *Credit risk is the chance that an issuer will fail to make principal and interest payments when due. Changes in the financial condition of an issuer, changes in economic and political conditions in general, or changes in economic and political conditions specific to an issuer, are factors that may have an adverse impact on an issuer's credit quality and security value. Default can occur if an issuer fails to make principal and interest payments when due, which may result in a substantial loss to the Fund. 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 Fund.*
- ***Low-rated, unrated or non-investment grade securities risk:*** *The Fund may invest in lower rated, unrated or non-investment grade securities where the risk of failure to pay interest and/or principal is greater vs. higher rated securities, which may result in a substantial loss to the Fund.*
- ***Foreign currency risk:*** *The Fund will typically invest to a significant degree in securities that are denominated in currencies other than the base currency of the Fund, exposing its investments to changes in foreign exchange rates and the possibility of exchange control regulations. Changes in currency exchange rates may adversely*



affect the value of the Fund, and also may affect the income earned by the Fund and gains and losses realized by the Fund.

- **Eurozone risk:** *The Fund may invest in the Eurozone. Mounting sovereign debt burdens (e.g. any sovereigns within the Eurozone, which default on their debts, may be forced to restructure their debts and faced difficulties in obtaining credit or refinancing) and slowing economic growth among European countries, combined with uncertainties in European financial markets, including feared or actual failures in the banking system and the possible break-up of the Eurozone and Euro currency, may adversely affect interest rates and the prices of securities across Europe and potentially other markets as well. These events may increase volatility, liquidity and currency risks associated with investments in Europe. The aforesaid economic and financial difficulties in Europe may spread across Europe and as a result, a single or several European countries may exit the Eurozone or a sovereign within the Eurozone may default on its debts. In any event of the break-up of the Eurozone or Euro currency, the Fund may be exposed to additional operational or performance risks. While the European governments, the European Central Bank, and other authorities are taking measures (e.g. undertaking economic reforms and imposing austerity measures on citizens) to address the current fiscal conditions, these measures may not have the desired effect and therefore the future stability and growth of Europe is uncertain. The performance and value of the Fund may be adversely affected should there be any adverse credit events (e.g. downgrade of the sovereign credit rating or default or bankruptcy of any Eurozone countries).*
- **Liquidity risk:** *The Fund may not be able to easily sell securities due to adverse market conditions or reduced value or creditworthiness of issuers in which it invests. Requests for redemption of shares, which are not listed, may be deferred or suspended. Reduced liquidity due to these factors may have an adverse impact on the net asset value of the Fund and on the ability of the Fund to meet redemption requests in a timely manner.*
- **Dividend policy risk:** *The Fund's dividend policy allows for payment of dividends out of capital or effectively out of capital. Where this is done, it amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital or payment of dividends effectively out of the Fund's capital (as the case may be) may result in an immediate reduction of the net asset value per share.*

Is there any guarantee?

This Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

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

	Class A	Class B	Class N
Subscription fee (Initial sales charge)	Up to 5.00% of the subscription amount	N/A	Up to 3.00% of the subscription amount
Switching fee (Switching charge)	1.00% of the value of the shares being switched	N/A	N/A
Redemption fee (Redemption charge)	N/A	Up to 4.00%	N/A

Ongoing fees payable by the Fund

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

	Annual rate (as a % of the Fund's net asset value)		
	Class A	Class B	Class N
Management fee (Investment management fee)*	0.85%	0.85%	0.85%
Custodian fee	Up to 0.14%	Up to 0.14%	Up to 0.14%
Performance fee	N/A	N/A	N/A
Administration fee	N/A	N/A	N/A
Maintenance charge	Up to 0.50%	Up to 0.75%	N/A
Servicing charge	N/A	1.06%	N/A
Distribution charge	N/A	N/A	Up to 1.25%
Registrar and Transfer, Corporate, Domiciliary and Administrative Agent fee + Additional fixed amount per Shareholder account at each Class level	Up to 0.2175% Up to USD 30 per annum	Up to 0.2175% Up to USD 30 per annum	Up to 0.2175% Up to USD 30 per annum

*The current annual management fee may be increased up to the maximum level permitted by the constitutive document of the Fund by giving one month's prior notice to the shareholders.

Other fees

You may have to pay other fees 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 4p.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 published daily in South China Morning Post and Hong Kong Economic Times. Information about prices may also be obtained on the internet 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 Investment Manager/Hong Kong Representative on request and also on the Hong Kong Representative's website.*
- *Investors may obtain information on the intermediaries by calling the Hong Kong Representative at (852) 2877 7733 or visiting our website at www.franklintempleton.com.hk.*
- *The website mentioned above has not been reviewed by the SFC.*

Important

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

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

Issuer of this statement: Franklin Templeton Investments (Asia) Limited