



# FRANKLIN USD DIVERSIFIED BOND VII 2024 SP

## REASONS TO CONSIDER



### Achieve Enhanced Returns

- Aims to generate consistent returns above cash rate over a fixed investment period.
- Targets to generate net yield of 3 month LIBOR + 190bps p.a.<sup>1</sup>.



### Hedge Against Interest Rate Uncertainties

- Designed for investors who may have liabilities that are subjected to interest rate movements.
- Has a floating rate feature that aims to move in line with LIBOR on a regular basis.



### Invest in Global Credit Opportunities

- Takes advantage of global fixed income opportunities.
- Invests primarily in USD-denominated investment grade corporate bonds<sup>2</sup>.



### Global Fixed Income Expertise

- The investment team manages over USD 2.3 billion in fixed maturity bond funds<sup>3</sup>.
- Franklin Templeton has one of the largest fixed income teams in the world, with more than 170 investment specialists on-the-ground<sup>3</sup>.

Yield  
Pickup

1. The SP seeks to generate a net yield of 3M Libor + 190bps p.a. While the target yield is desired, there is no guarantee that the SP will achieve its objective. Target yield is also subject to market conditions and may change at the SP's inception.
2. The SP invests primarily in USD-denominated investment grade debt securities issued by corporations (including financial institutions), sovereign governments (including government agencies and government-related bodies) and/or supranational entities worldwide (including emerging markets) with no prescribed industry sector or market capitalisation limits. The portfolio may contain up to 40% of its total net assets in below investment grade ("high yield") debt securities or unrated securities deemed to be equivalent to below investment grade. Please refer to the SP's Investment Policy contained in the Offering Memorandum for more information. Rating breakdown according to S&P. Copyright © 2019, S&P Dow Jones Indices LLC. All rights reserved. Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com)
3. Source: Franklin Templeton as of 5 September 2019.

The SP is designed to be held to maturity and investors should be prepared to remain invested until the SP's maturity date. Up to 20% of the portfolio may be invested for six months beyond the maturity date. Investors may receive less than their initial investment if redemption occurs before maturity.

## Portfolio Management Team



### Chris Siniakov

Managing Director,  
Fixed Income  
Melbourne, Australia



### Andrew Canobi, CFA

Director,  
Fixed Income  
Melbourne, Australia



### Emmanuel Teissier

Vice President,  
Portfolio Manager  
London, United Kingdom



### Thomas Runkel, CFA

Vice President,  
Portfolio Manager  
San Mateo, United States

## The Segregated Portfolio (SP) may appeal to investors seeking:

- regular income in a portfolio having the United States Dollar as its base currency and investing primarily in USD-denominated high quality fixed income securities
- to keep their investment in the Segregated Portfolio until the Maturity Date\*
- to hedge against interest rate movements via exposure to floating rather than fixed rate exposure

## Risks

Bonds carry the risk of default and lower rated bonds carry significantly higher risk of default. If the issuer defaults or goes into liquidation, investors may lose some or all of their invested capital which may affect the Fund distribution yield. Whilst we are in a low default environment currently, historical default scenario analysis estimates a hypothetical gross yield shortfall of approximately 0.30-0.50%.

There is no guarantee on the level of coupon payments or the value of the investments at maturity or at any other time.

The SP is subject to the usual risks of investing in bonds. The SP's value and the distributions are not guaranteed.

Investors must read the Offering Memorandum section on "Risk Considerations" section before investing in the SP. The value of the SP will increase as the value of the securities owned by the SP increases and will decrease as the value of the SP's investments decreases.

Investors should be aware that Interbank Offered Rates are subject to ongoing regulatory reforms. Following any such reforms, the Interbank Offered Rates may perform differently than in the past or disappear entirely, or there could be other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the SP.

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\*Up to 20% of the portfolio may be invested for six months beyond the maturity date.

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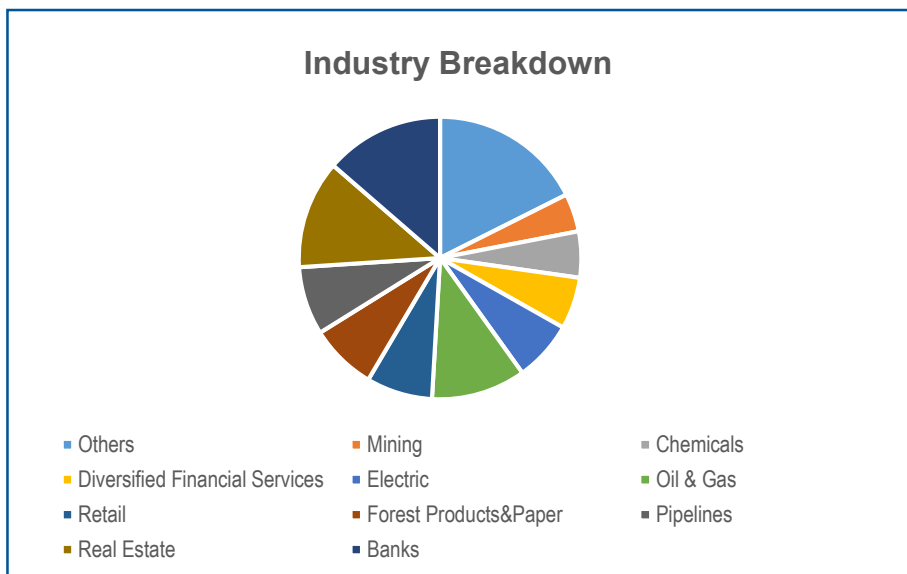
<b>Product Name</b>	Franklin USD Diversified Bond VII 2024 SP	
<b>Asset Class</b>	Fixed Income	
<b>Share Class</b>	D (Qdis) USD	
<b>ISIN</b>	KYG3660G2019	
<b>Fund Domicile</b>	Cayman Islands	
<b>Subscription Period</b>	03 to 28 November 2019 (both days inclusive) or such other date determined by the Board of Directors	
<b>Inception Date</b>	29 November 2019 or such other date determined by the Board of Directors	
<b>Maturity Date*</b>	02 December 2024 or 5 years after the Inception Date	
<b>Investment Manager</b>	Franklin Templeton Investments Australia Ltd. Franklin Templeton Investment Management Ltd. Franklin Templeton Portfolio Advisers, Inc.	
<b>Investment Objective</b>	The Segregated Portfolio's investment objective is to offer a yield pickup by investing primarily in USD-denominated bonds with a pre-determined yield at the time of investment over a five (5) year period.	
<b>Base Currency</b>	USD	
<b>Distribution Frequency</b>	Quarterly	
<b>Initial Price</b>	USD 10	
<b>Minimum Investment</b>	Approx. USD 272,300 (equivalent to AED 1 million)	
<b>Contingent Deferred Sales Charge (CDSC)</b>	If an Investor sells Participating Shares within five (5) years of purchase:	
	Less than one year	1.50%
	Equal or more than 1 year but less than 2	1.20%
	Equal or more than 2 years but less than 3	0.90%
	Equal or more than 3 years but less than 4	0.60%
	Equal or more than 4 years but less than 5	0.30%
	Equal to 5 years	0.00%
<b>Benchmark</b>	None	
<b>Swing Pricing</b>	Yes	
<b>Sales charge</b>	Up to 0.50%	
<b>Fees &amp; Charges</b>	Management Fee 30bps p.a.	TER 70bps p.a.

# Hypothetical Portfolio Holdings<sup>4</sup>

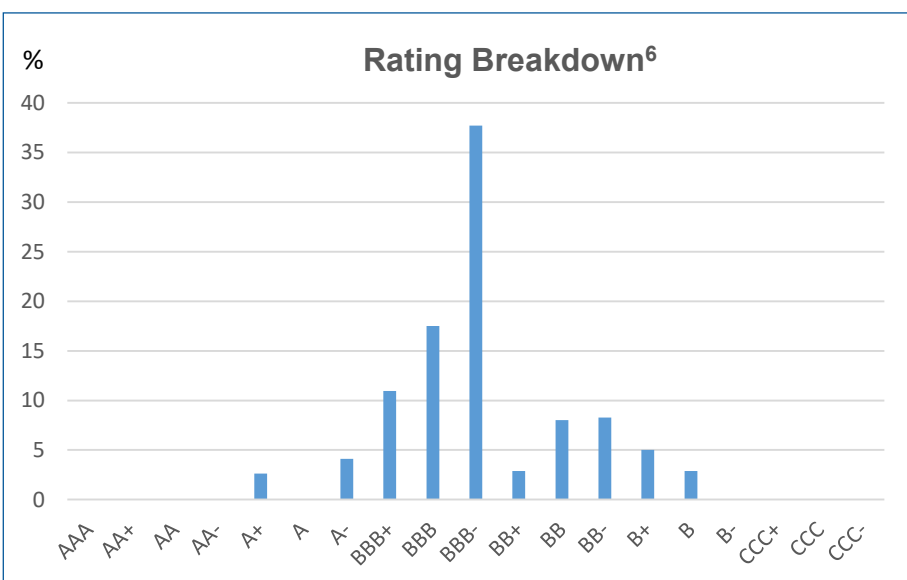
Portfolio Characteristics	
Number of Holdings	50+
Minimum Rating	B-
Average Coupon	5.04%
Average Price	102.81
Spread to 3M LIBOR (net yield) <sup>1</sup>	190bps p.a.
AT1 Perpetuals <sup>5</sup>	10% maximum

Country / Region Allocation	
United States	28.01%
China	12.54%
Canada	8.95%
Chile	6.36%
Mexico	5.84%
Others	37.61%
APAC	28.19%
Americas	28.01%
EMEA	21.26%

Maturity	
YEAR	MARKET VALUE
0-1	0%
1-2	0%
2-3	6.3%
3-4	10.8%
4-5	63.6%
5-5.5	19.4%



No exposure to tobacco/gambling/alcohol companies and no geographic exposure to Israel/Qatar/Turkey/Argentina and sanctioned countries (including but not limited to Iran/Cuba/Syria/Crimea/Russia/North Korea).



Sample Portfolio Holdings <sup>7</sup>				
Holdings	Country/Region	Coupon	S&P Rating	Industry
Antero Midstream Corp	United States	5.375	BB	Pipelines
Australia and New Zealand Banking Group Ltd	Australia	4.5	BBB+	Banks
Alliance Resource Partners LP	United States	7.5	BB+	Coal
Bank of China	China	5	BBB+	Banks
BOC Aviation	Singapore	4	A-	Div. Financial Services
Black Sea Trade & Development Bank	Supranational	3.5	A-	Multi-National
Baytex Energy Corp	Canada	5.625	BB	Oil & Gas
Peabody Energy Corp	United States	6.375	BB	Coal
CSI Compressco LP	United States	7.5	B+	Oil & Gas Services
Celulosa Arauco y Constitucion	Chile	4.5	BBB-	Forest Products & Paper
Cencosud	Chile	5.15	Unavailable	Food
CLP Power Hong Kong	Hong Kong	3.125	A+	Electric

Data represents the Hypothetical Portfolio of the Franklin USD Diversified Bond VII 2024 SP ("the SP") for discussion purposes only. It is not indicative of the actual portfolio of the SP nor any product managed by Franklin Templeton Investments at any one time, neither is it indicative of the actual return or result likely to be achieved. Please note that the above is for illustrative purpose only and does not constitute an offer or a solicitation to buy or sell any interest or any investment. This is an indicative allocation that may change over time.

4. Source: Franklin Templeton Investments, Barclays POINT, as of 31 October 2019.
5. Perpetuals have been placed in maturity buckets according to their call dates. Perpetual bonds are subject to extension risk which may lead to loss of capital.
6. Rating breakdown according to S&P. Copyright © 2019, S&P Dow Jones Indices LLC. All rights reserved.
7. Source: Franklin Templeton Investments, Barclays POINT, as of 31 October 2019. These securities do not represent all of the securities purchased, sold or recommended for clients, and the reader should not assume that investment in the securities listed was or will be profitable. Holdings are subject to change. The portfolio manager for the SP reserves the right to withhold release of information with respect to holdings that would otherwise be included in the hypothetical portfolio holdings.

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Dubai office: Franklin Templeton Investments, The Gate, East Wing, Level 2, Dubai International Financial Centre, P.O. Box 506613, Dubai, U.A.E., Tel.: +9714-4284100 Fax: +9714-4284140.



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