

Key Investor Information

This document provides you with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest.

Franklin Absolute Return Bond Fund

Class W (acc) • ISIN GB00BZ7MCJ65 • A sub-fund of Franklin Templeton Funds
The management company is Franklin Templeton Fund Management Limited

Objectives and Investment Policy

Franklin Absolute Return Bond Fund (the "Fund") aims to achieve both income and long-term capital growth each calendar year. The Fund also aims to provide an overall return of 2-3% above the London Interbank Offered Rate (LIBOR) 90 Day (GBP) over 3-5 years after management fees are deducted.

There is no guarantee that the Fund will achieve its objective over this or any other time period; capital invested in the Fund is at risk and you may get back less than you paid in.

The Fund invests mainly in a diversified portfolio including:

- fixed and floating rate debt securities of any maturity, duration or quality; and
- related derivatives for hedging and investment purposes.

The Fund may invest to a lesser extent in:

- mortgage and asset-backed securities;
- convertible bonds;
- cash and near cash;
- money market instruments; and
- other collective investment schemes.

The Fund seeks to generate return from various sources and as such the assets of the Fund may be diversified by risk type, including credit, currency and duration.

You may request the sale of your shares on any UK business day.

The income received from the Fund's investments is accumulated and included in the value of the shares.

For further information on the Objectives and Investment Policy of the Fund, please refer to the "Investment Objectives and Policies of the Funds" section of the current prospectus of Franklin Templeton Funds.

Terms to Understand

Asset-backed securities: Debt securities whose value and income payments are derived from a pool of underlying assets.

Collective investment scheme: Schemes where investor money is pooled to buy investments.

Debt securities: Securities representing the issuer's obligation to repay a loan at a specified date and to pay interest.

Derivatives: Financial instruments whose characteristics and value depend on the performance of one or more underlying assets, typically securities, indexes, currencies or interest rates.

Fixed rate debt securities: A type of security that pays a fixed interest rate during its term and repays the invested capital at the end of the term.

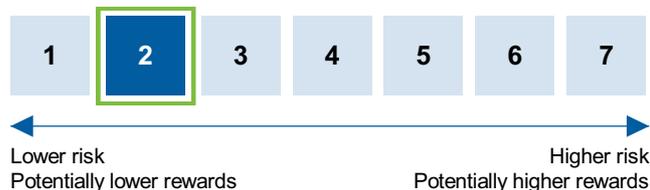
Floating rate debt securities: A type of security that pays a variable interest rate during its term and repays the invested capital at the end of the term.

Mortgage-backed securities: Securities whose value and income payments are derived from the ownership of a pool of underlying mortgage debts.

Money market instruments: Financial instruments that are normally dealt in on a money market such as treasury bills, certificates of deposit and commercial papers and excluding instruments of payment.

Near cash: Assets that can be quickly liquidated into cash.

Risk and Reward Profile



What does this indicator mean and what are its limits?

This indicator is designed to provide you with a measure of the price movement of this share class based on historical behavior.

Historical data may not be a reliable indication of the future risk profile of the Fund. The category shown is not guaranteed to remain unchanged and may shift over time.

The lowest category does not mean risk free.

As the share class has no sufficient historical data available, simulated data based on a representative portfolio model or benchmark have been used instead.

Why is the Fund in this specific category?

The Fund invests mainly in debt securities issued by government, government-related or corporate entities worldwide and in derivatives. Such securities and derivatives have historically been subject to price movements, generally due to interest rates, foreign exchange rates or movements in the bond market. As a result, the performance of the Fund can fluctuate to a small degree over time.

Risks materially relevant not adequately captured by the indicator:

Counterparty risk: the risk of failure of financial institutions or agents (when serving as a counterparty to financial contracts) to perform their obligations, whether due to insolvency, bankruptcy or other causes.

Credit risk: the risk of loss arising from default that may occur if an issuer fails to make principal or interest payments when due. This risk is higher if the Fund holds low-rated, non-investment-grade securities.

Currency risk: the risk of loss arising from exchange-rate fluctuations or due to exchange control regulations.

Derivatives risk: the risk of loss in an instrument where a small change in the value of the underlying investment may have a larger impact on the value of such an instrument. They may involve additional liquidity, credit and counterparty risks. Derivatives employed may include structured notes tied to a specific risk exposure and those related to alternative investments, including commodities and real estate, all of which may be subject to large price swings.

Liquidity risk: the risk that arises when adverse market conditions affect the ability to sell assets when necessary. Reduced liquidity may have a negative impact on the price of the assets.

Emerging markets risk: the risk related to investing in countries that have less developed political, economic, legal and regulatory systems, and that may be impacted by political/economic instability, lack of liquidity or transparency, or safekeeping issues.

Targeted return risk: there is no guarantee that the Fund will achieve its targeted objective. The Fund seeks to achieve its returns over a full market cycle to achieve a positive return. Capital invested in the Fund may decline in value.

Mortgage and Asset-Backed Securities Risk: the risk of loss tied to investment in securities which generate return from underlying groups of assets such as commercial and residential mortgages. Such securities can be subject to prepayment and/or extension risks generally triggered by changes in interest rates.

For a full discussion of all the risks applicable to this Fund, please refer to the "Risk Factors" section of the current prospectus of Franklin Templeton Funds.

Charges

The charges you pay are used to pay the costs of running the Fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

One-off charges taken before or after you invest

Entry charge	Not applicable*
Exit charge	Not applicable
<i>This is the maximum that might be taken out of your money before it is invested.</i>	

Charges taken from the Fund over a year

Ongoing charges	0.70%
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Charges taken from the Fund under certain specific conditions

Performance fee	Not applicable
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*This share class is only available through certain financial advisers which may apply their own charges. You may find more information about charges from your financial adviser.

The ongoing charges shown here are an estimate of the charges. We have used estimated figures as under current applicable rules we are not allowed to calculate ongoing charges for share classes with less than 12 months of data. The UCITS' annual report for each financial year will include detail on the exact charges made.

For detailed information about charges, please refer to the "Fees and Charges" section of the current prospectus of Franklin Templeton Funds.

Past Performance

Under current legislation, we are not allowed to display performance data for funds with less than a complete full calendar year.

- The Fund was launched in 2018.



Practical Information

- The Depositary of Franklin Templeton Funds is The Bank of New York Mellon (International) Limited.
- You can obtain further information about the Fund, copies of its prospectus and the latest annual and semi-annual reports of Franklin Templeton Funds from the website www.franklintempleton.co.uk or free of charge from Franklin Templeton Fund Management Limited, Cannon Place, 78 Cannon Street, London EC4N 6HL or your financial adviser. These documents are each available in English.
- The latest prices and other practical information on the Fund (including information about the other share classes of the Fund) are available from Franklin Templeton Fund Management Limited, Cannon Place, 78 Cannon Street, London EC4N 6HL or www.franklintempleton.co.uk.
- Please note that the United Kingdom taxation regime may have an impact on your personal tax position. Please consult your financial or tax adviser before deciding to invest.
- Franklin Templeton Fund Management Limited may be held liable solely on

the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the prospectus of the Fund.

- The present Fund is a sub-fund of Franklin Templeton Funds. The prospectus and the annual and semi-annual reports refer to all sub-funds of Franklin Templeton Funds. All Funds of Franklin Templeton Funds have segregated assets and liabilities. As a result, each Fund is operated independently from each other.
- You may exchange shares with another sub-fund of Franklin Templeton Funds as further described in the prospectus.
- The details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, are available at www.franklintempleton.co.uk and a paper copy can be obtained free of charge.

This Fund is authorised in the United Kingdom and is regulated by the Financial Conduct Authority. Franklin Templeton Fund Management Limited is authorised in the United Kingdom and is regulated by the Financial Conduct Authority. This key investor information is accurate as at 25/01/2019.