

FRANKLIN U.S. OPPORTUNITIES FUND

Unaudited Quarterly Report
30 June 2021



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FRANKLIN U.S. OPPORTUNITIES FUND

UNAUDITED QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDING 30 JUNE 2021

- I. GENERAL INFORMATION ABOUT THE FUND
- II. MANAGER'S REPORT
- III. STATEMENT BY THE MANAGER AND UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 30 JUNE 2021

FRANKLIN U.S. OPPORTUNITIES FUND

I. GENERAL INFORMATION ABOUT THE FUND

Launch and Commencement Date

The Franklin U.S. Opportunities Fund (the “Fund”) was launched on 8 May 2013 and commenced operations on 22 May 2013.

Fund Name, Category, Type

Fund Name	Franklin U.S. Opportunities Fund
Fund Category	Wholesale – Feeder Fund (Equity)
Fund Type	Growth

Investment Objective, Policy and Strategy

The Fund is structured as a feeder fund and it is available in two share classes, MYR and USD. The Fund aims to achieve capital appreciation by investing in a single collective investment scheme i.e. Franklin Templeton Investment Funds – Franklin U.S. Opportunities Fund (the “Target Fund”) which is denominated in United States Dollar (“USD”) and domiciled in Luxembourg. The Manager will monitor the investment objective of the Target Fund to ensure that it is consistent with the investment objective of the Fund.

As the primary investment of the Fund i.e. the Target Fund, is denominated in USD, the Manager intends to employ hedging to reduce the Fund’s exposure to foreign exchange fluctuations. The hedging tools that the Manager may utilise include but are not limited to foreign exchange forwards.

The Target Fund invests principally in equity securities of US companies demonstrating accelerating growth, increasing profitability, or above average growth or growth potential as compared with the overall economy. Equity securities generally entitle the holder to participate in a company’s general operating results. They include common stocks, convertible securities and warrants on securities. The Target Fund principally invests in small, medium, and large capitalisation companies with strong growth potential across a wide range of sectors. In selecting equity investments, the Investment Manager utilises fundamental, bottom-up research focusing on companies believed to possess sustainable growth characteristics and which meet growth, quality and valuation criteria. The Investment Manager focuses on sectors that have exceptional growth potential and fast growing, innovative companies within these sectors. In addition, solid management and sound financial records are factors the Investment Manager also considers. Although the Investment Manager searches for investments across a large number of sectors, the Target Fund, from time to time, may have significant positions in particular sectors such as technology (including electronic technology, technology services, biotechnology and health care technology).

The asset allocation of the Fund will be as follows:

- Minimum 95% of the NAV of the Fund to be invested in the Target Fund; and
- Up to 5% of the NAV of the Fund in cash and/or other liquid assets.

Fund Distribution Policy

Distribution of income, if any, is subject to the availability of income and shall be in line with the distribution policy of the Target Fund.

II. MANAGER'S REPORT**MARKET REVIEW**

Broad US equity indices closed 2021's second quarter higher as investors recalibrated their expectations for inflation, interest rates and risks introduced by a firming economic reboot amidst the pandemic's erratic—but less destructive—path. While at first the market's recovery was led by so-called stay-at-home stocks—companies that benefitted from millions of people adhering to COVID-19 mobility restrictions—many investors spent the spring quarter shifting their focus to businesses poised for a rebound in a reopening economy.

REVIEW OF THE TARGET FUND PERFORMANCE DURING THE PERIOD**QUARTERLY KEY PERFORMANCE DRIVERS**

	Stocks	Sectors
Helped	FIGS Inc.	Information Technology (Stock Selection)
	LegalZoom Inc.	Consumer Discretionary (Stock Selection)
	Marqeta Inc.	Health Care (Stock Selection)
Hurt	Mastercard Incorporated Class A	Communication Services (Stock Selection)
	CoStar Group Inc.	Industrials (Stock Selection)
	Microsoft Corporation	-

In the consumer discretionary sector, vertically integrated e-commerce health care apparel company FIGS went public in May and our participation in the initial public offering (IPO) was rewarded by the stock's rally following its debut. The company has done a great job establishing itself as a lifestyle brand for professional uniforms and taking share in the medical scrubs category that was prime for disruption. The overall business model is also attractive with recurring revenue characteristics and strong profitability allowing FIGS to stand out relative to apparel peers.

In the information technology sector, online legal platform LegalZoom shares jumped in value following their public market debut. The company offers online legal solutions for small businesses and consumers with a mission of making legal help accessible to all.

In contrast, payment processor Mastercard (MA) underperformed the benchmark, which hurt our relative returns, although absolute results were positive. The company reported strong first-quarter financial results that included the strengthening of domestic and cross-border volumes. We continue to be constructive on the secular trends driving MA's growth over the long term and expect the business to be in a structurally stronger position post-pandemic given opportunities in accelerated e-commerce adoption, new payment flows and digital currencies.

OUTLOOK & STRATEGY

The US recovery has been gaining momentum as the country reopens parts of its economy—boosted by pent up demand, government stimulus and vaccine rollouts. Reopening is ultimately leading to better-than-expected earnings growth for companies represented across the broader equity market. Many US companies continue to have strong balance sheets and appear well-positioned to invest for the future.

MANAGER'S REPORT (CONTINUED)

We expect the general recovery direction to continue even though the pace may not be linear as inflation and interest rate increases have become a concern. However, our investment strategy remains unchanged. We continue to focus on bottom-up stock selection of companies based on our assessment of quality, sustainability and growth potential.

We are finding opportunities across a broad range of sectors. In the industrial sector, there is digitalisation and automation as well as an increased adoption of greener infrastructure initiatives, in particular renewable energy, efficient buildings, high-speed rail and electric vehicles. Investment in e-commerce also is likely to continue at a rapid pace, while select brick-and-mortar retail can also thrive—while consumers want the flexibility of online shopping, many still value in-store experiences as well.

Further developments are also likely in the digitalisation of healthcare. This can take the shape of telemedicine advancements, efficiency in managing low-acuity patients, and greater usage of remote monitoring devices.

Despite the continued risk of bumps along the road, we retain our longer-term optimism as the expansion evolves. We continue to believe that navigating the challenges presented in the months ahead will require nimble management. We seek companies offering good valuations that we can hold over the long term. We are looking at businesses that we believe display innovation in technology or market approach and that can generate sustainable earnings and cashflow.

Asset Breakdown as at end June 2021*	
Equity	98.95%
Cash & Cash Equivalents	1.05%

*The data relates to the Target Fund

FRANKLIN U.S. OPPORTUNITIES FUND

MANAGER'S REPORT (CONTINUED)

CUMULATIVE RETURNS AS OF 30 JUNE 2021**

	Currency	3 Months	1 Year	3 Years	5 years	Since Commencement ***
Franklin U.S. Opportunities Fund – MYR Share Class	MYR	14.82%	37.13%	79.44%	164.33%	233.37%
Franklin U.S. Opportunities Fund – USD Share Class	USD	14.69%	36.86%	81.44%	165.83%	183.96%
Franklin Templeton Investment Funds – Franklin U.S. Opportunities Fund (the "Target Fund")	USD	15.50%	40.92%	94.72%	198.46%	284.36%
Russell 3000 Growth Index (the Fund's benchmark)	USD	11.38%	42.99%	92.85%	185.12%	291.05%
S&P 500 Index (the Fund's secondary benchmark)	USD	8.55%	40.79%	67.13%	125.36%	202.56%

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**Source: Franklin Templeton. Sources for benchmark: FTSE, STANDARD & POOR'S®, S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC. Standard & Poor's does not sponsor, endorse, sell or promote any S&P index-based product. Important data provider notices and terms available at www.franklintempletondatasources.com

***Commencement date for the Fund's MYR share class is 22 May 2013, while for the Fund's USD share class is 3 December 2013. Since commencement performance of the Target Fund and the benchmark are based on 22 May 2013.

Indexes are unmanaged and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

Statement on Soft Commission

The Manager and the Trustee will not retain any rebates from, or otherwise share in, any commission with any dealer in consideration for directing dealings in the investments of the Fund. The Manager retains soft commissions received from brokers only if the goods and services are of demonstrable benefits to the unitholders as allowed under the regulations.

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**III. STATEMENT BY THE MANAGER AND UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 30 JUNE 2021**

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FRANKLIN U.S. OPPORTUNITIES FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		30 June 2021	30 Sep 2020
	Note	RM	RM
CURRENT ASSETS			
Financial assets at fair value through profit or loss	1	458,352,780	348,792,873
Derivative financial instruments	2	499,288	1,068,738
Due from Manager	3	31,418,193	7,940,860
Due from the Manager of the Target Fund	4	6,458,542	-
Cash and cash equivalents	5	7,085,152	5,244,266
TOTAL ASSETS		503,813,955	363,046,737
CURRENT LIABILITIES			
Derivative financial instruments	2	10,432	-
Due to Manager	3	24,350,111	5,076,098
Due to the Manager of the Target Fund	4	4,244,945	2,835,009
Accrued management fee	6	706,775	449,254
Accrued trustee fee	7	20,194	12,836
Other payables and accruals		19,517	21,063
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		29,351,974	8,394,260
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		474,461,981	354,652,477
REPRESENTED BY:			
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS			
– MYR CLASS	8(a)	367,162,092	300,718,993
– USD CLASS	8(b)	107,299,889	53,933,484
		474,461,981	354,652,477
NUMBER OF UNITS IN CIRCULATION			
– MYR CLASS	8(a)	306,096,632.54	309,897,446.26
– USD CLASS	8(b)	25,304,972.35	15,669,754.71
NET ASSET VALUE PER UNIT			
– MYR CLASS		RM 1.1995	RM 0.9704
– USD CLASS		USD 1.0218	USD 0.8288

The accompanying notes form an integral part of these financial statements.

FRANKLIN U.S. OPPORTUNITIES FUND

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 30 JUNE 2021**

	Note	1 Oct 2020 to 30 June 2021 RM	1 Oct 2019 to 30 June 2020 RM
INVESTMENT INCOME			
Interest income		7,711	11,056
Net gain from financial assets at fair value through profit or loss	1	102,513,055	48,666,963
Net gain/(loss) from derivative financial instruments	2	166,727	(3,574,009)
Net foreign currency exchange loss		(96,825)	(23,071)
		<u>102,590,668</u>	<u>45,080,939</u>
EXPENSES			
Management fee	6	5,633,135	2,448,141
Trustee fee	7	160,947	69,947
Audit fee		7,094	7,036
Professional fee		4,190	4,206
Custodian fee		7,169	6,978
Printing fee		8,606	24,174
		<u>5,821,141</u>	<u>2,560,482</u>
NET INCOME BEFORE TAXATION		96,769,527	42,520,457
Taxation		-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		96,769,527	42,520,457
Increase in net assets attributable to unit holders comprises the following:			
Realised amount		50,162,040	21,070,807
Unrealised amount		46,607,487	21,449,650
		<u>96,769,527</u>	<u>42,520,457</u>

The accompanying notes form an integral part of these financial statements.

FRANKLIN U.S. OPPORTUNITIES FUND**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 30 JUNE 2021**

	1 Oct 2020 to 30 June 2021 RM	1 Oct 2019 to 30 June 2020 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	354,652,477	155,766,797
Movement due to units created and cancelled during the financial period:		
Creation of units	621,105,433	280,221,767
Cancellation of units	(598,065,456)	(260,597,979)
	<u>23,039,977</u>	<u>19,623,788</u>
Increase in net assets attributable to unit holders during the financial period	<u>96,769,527</u>	<u>42,520,457</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD	<u>474,461,981</u>	<u>217,911,042</u>

The accompanying notes form an integral part of these financial statements.

FRANKLIN U.S. OPPORTUNITIES FUND

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 30 JUNE 2021

	Note	1 Oct 2020 to 30 June 2021 RM	1 Oct 2019 to 30 June 2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sales of financial assets at fair value through profit or loss		384,986,337	193,547,925
Payment for purchase of financial assets at fair value through profit or loss		(397,193,325)	(211,516,014)
Settlement of derivative financial instruments		746,609	(3,560,899)
Interest income received		7,711	11,056
Management fee paid		(5,375,614)	(2,385,603)
Trustee fee paid		(153,589)	(68,160)
Audit fee paid		(9,434)	(9,434)
Professional fee paid		(5,606)	-
Custodian fee paid		(7,169)	(6,978)
Printing fee paid		(6,396)	(11,535)
Net cash used in operating activities		(17,010,476)	(23,999,642)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		597,630,859	280,724,804
Payments for cancellation of units		(578,791,506)	(255,458,398)
Net cash generated from financing activities		18,839,353	25,266,406
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,828,877	1,266,764
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		5,244,266	1,176,576
EFFECTS OF UNREALISED FOREIGN EXCHANGE		12,009	302
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	5	7,085,152	2,443,642

The accompanying notes form an integral part of these financial statements.

FRANKLIN U.S. OPPORTUNITIES FUND

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 30 JUNE 2021

1. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 RM	30 Sep 2020 RM
Financial assets at fair value through profit or loss:		
- Foreign collective investment scheme	<u>458,352,780</u>	<u>348,792,873</u>
	1 Oct 2020 to 30 June 2021 RM	1 Oct 2019 to 30 June 2020 RM
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	55,332,405	27,206,035
- Unrealised fair value gain	<u>47,180,650</u>	<u>21,460,928</u>
	<u>102,513,055</u>	<u>48,666,963</u>

Foreign collective investment scheme

Name of collective investment scheme	Quantity	Value	Percentage of net asset value
30 June 2021	Units	RM	%
<u>Luxembourg</u>			
Target Fund - Cost		365,509,689	
Accumulated unrealised gain on financial assets at fair value through profit or loss		<u>92,843,091</u>	
Quantity/Market Value	<u>2,378,773</u>	<u>458,352,780</u>	<u>96.60</u>

Name of collective investment scheme	Quantity	Value	Percentage of net asset value
30 Sep 2020	Units	RM	%
<u>Luxembourg</u>			
Target Fund - Cost		303,130,432	
Accumulated unrealised gain on financial assets at fair value through profit or loss		<u>45,662,441</u>	
Quantity/Market Value	<u>2,277,271</u>	<u>348,792,873</u>	<u>98.35</u>

FRANKLIN U.S. OPPORTUNITIES FUND**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 30 JUNE 2021****2. DERIVATIVE FINANCIAL INSTRUMENTS****Foreign currency swap**

As at 30 June 2021, there is 1 (30 September 2020: 1) foreign currency swap outstanding. The notional principal amount of the outstanding foreign currency swap amounted to RM347,143,128 (30 September 2020: RM285,486,601).

The foreign currency swap entered into during the financial period was for hedging against the currency exposure arising from the investment in the foreign collective investment scheme denominated in US Dollar.

	30 June 2021 RM	30 Sep 2020 RM
Financial assets at fair value through profit or loss		
- Foreign currency swap	<u>499,288</u>	<u>1,068,738</u>
Financial liabilities at fair value through profit or loss		
- Foreign currency swap	<u>10,432</u>	<u>-</u>

As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the foreign currency swap is recognised immediately in the statement of comprehensive income during the financial period.

Net fair value gain/(loss) on the foreign currency swap at fair value through profit or loss is as follows:

	1 Oct 2020 to 30 June 2021 RM	1 Oct 2019 to 30 June 2020 RM
Net realised gain/(loss) on foreign currency swap	746,609	(3,560,899)
Net unrealised loss on foreign currency swap	<u>(579,882)</u>	<u>(13,110)</u>
	<u>166,727</u>	<u>(3,574,009)</u>

3. DUE FROM/TO MANAGER

	30 June 2021 RM	30 Sep 2020 RM
Creation of units	<u>31,418,193</u>	<u>7,940,860</u>
Redemption of units	<u>24,350,111</u>	<u>5,076,098</u>

The above represents amount receivable from/payable to the Manager respectively for units created/redeemed.

The normal settlement period for creation and redemption of units is three business days.

FRANKLIN U.S. OPPORTUNITIES FUND

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 30 JUNE 2021

4. DUE FROM/TO THE MANAGER OF THE TARGET FUND

	30 June 2021 RM	30 Sep 2020 RM
Amount due from Target Fund Manager	6,458,542	-
Amount due to Target Fund Manager	4,244,945	2,835,009

The amount due from/to the Target Fund Manager was for the sale/purchase of investment where settlement was not due.

The normal trade settlement period term is three business days.

5. CASH AND CASH EQUIVALENTS

	30 June 2021 RM	30 Sep 2020 RM
Bank balances in a licensed financial institution	7,085,152	5,244,266

6. ACCRUED MANAGEMENT FEE

	Expense		Accrual	
	1 Oct 2020 to 30 June 2021 RM	1 Oct 2019 to 30 June 2020 RM	30 June 2021 RM	30 Sep 2020 RM
Management fee	5,633,135	2,448,141	706,775	449,254

For the current and prior comparative periods, the Manager is entitled to receive a fee of 1.75% per annum of the net asset value of the Fund.

Management fees are billed and payable monthly in arrears.

7. ACCRUED TRUSTEE FEE

	Expense		Accrual	
	1 Oct 2020 to 30 June 2021 RM	1 Oct 2019 to 30 June 2020 RM	30 June 2021 RM	30 Sep 2020 RM
Trustee fee	160,947	69,947	20,194	12,836

For the current and prior comparative periods, the Trustee is entitled to receive a fee of 0.05% per annum of the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum.

Trustee fees are billed and payable monthly in arrears.

FRANKLIN U.S. OPPORTUNITIES FUND

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 30 JUNE 2021

8. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

(a) MYR CLASS

	30 June 2021		30 Sep 2020	
	Number of units	RM	Number of units	RM
Beginning balance	309,897,446.26	300,718,993	144,597,098.86	114,886,621
Creation	523,852,947.97	553,432,016	570,249,258.51	523,067,613
Cancellation	(527,653,761.69)	(565,543,518)	(424,414,323.36)	(390,089,781)
Reinvestment of distributions	-	-	19,465,412.25	17,705,739
Increase in net assets attributable to unit holders	-	78,554,601	-	35,148,801
Closing balance	<u>306,096,632.54</u>	<u>367,162,092</u>	<u>309,897,446.26</u>	<u>300,718,993</u>

(b) USD CLASS

	30 June 2021		30 Sep 2020	
	Number of units	RM	Number of units	RM
Beginning balance	15,669,754.71	53,933,484	14,511,618.81	40,880,176
Creation	18,299,582.16	67,673,417	13,264,126.83	42,146,593
Cancellation	(8,664,364.52)	(32,521,938)	(13,677,198.70)	(44,826,956)
Reinvestment of distributions	-	-	1,571,207.77	5,224,250
Increase in net assets attributable to unit holders	-	18,214,926	-	10,509,421
Closing balance	<u>25,304,972.35</u>	<u>107,299,889</u>	<u>15,669,754.71</u>	<u>53,933,484</u>
TOTAL		<u>474,461,981</u>		<u>354,652,477</u>

9. UNITS HELD BY RELATED PARTY

As at 30 June 2021 and 30 September 2020, there are no units held by directors or parties related to the Manager.

FRANKLIN U.S. OPPORTUNITIES FUND**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 30 JUNE 2021****10. DISTRIBUTION**

No distribution was declared by the Fund for the financial periods ended 30 June 2021 and 30 June 2020.

11. MANAGEMENT EXPENSE RATIO (“MER”)

	1 Oct 2020 to 30 June 2021 % p.a.	1 Oct 2019 to 30 June 2020 % p.a.
MER	<u>1.81</u>	<u>1.83</u>

The MER of the Fund is the ratio of the sum of annualised fees and expenses incurred by the Fund to the average net asset value of the Fund calculated on a daily basis.

12. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investment to the average net asset value of the Fund calculated on a daily basis is 0.92 times (30 June 2020: 1.08 times).

13. TRANSACTIONS WITH THE TARGET FUND MANAGER

Details of transactions with the Target Fund Manager for the financial periods are as follows:

Target Fund Manager	1 Oct 2020 to 30 June 2021		1 Oct 2019 to 30 June 2020	
	RM	%	RM	%
Franklin Advisers, Inc.	<u>790,143,696</u>	<u>100.00</u>	<u>402,601,518</u>	<u>100.00</u>

The above transaction values are in respect of transactions in foreign collective investment scheme. Transactions in this investment do not involve any commission or brokerage and all the above transactions have been established under terms that are no less favorable than those arranged with independent third parties.

The Fund is a feeder fund which invests primarily into a Target Fund, hence all transactions were made with the Target Fund Manager.

FRANKLIN U.S. OPPORTUNITIES FUND

STATEMENT BY THE MANAGER

I, Avinash Deepak Satwalekar, being Director of the Manager, Franklin Templeton Asset Management (Malaysia) Sdn. Bhd., for **Franklin U.S. Opportunities Fund** do hereby state that in the opinion of the Manager, the accompanying unaudited statement of financial position, unaudited statement of comprehensive income, unaudited statement of changes in net assets attributable to unit holders and unaudited statement of cash flows are drawn up so as to give a true and fair view of the financial position of the Fund as at 30 June 2021 and the comprehensive income, the changes in net assets attributable to unit holders and cash flows of the Fund for the financial period from 1 October 2020 to 30 June 2021.

Avinash Deepak Satwalekar
For and on behalf of the Manager
Franklin Templeton Asset Management
(Malaysia) Sdn. Bhd.

Kuala Lumpur, Malaysia
11 August 2021



**FRANKLIN
TEMPLETON**

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FRANKLIN U.S. OPPORTUNITIES FUND

Unaudited Quarterly Report
31 March 2021



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FRANKLIN U.S. OPPORTUNITIES FUND

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Distribution of income, if any, is subject to the availability of income and shall be in line with the distribution policy of the Target Fund.

II. MANAGER'S REPORT**MARKET REVIEW**

Throughout most of 2021's first quarter, US equities rallied on diminishing COVID-19 risks and investor expectations for a lively consumer-led recovery. Key support came from robust corporate earnings, the accelerating vaccine rollout and the passage of a USD1.9 trillion government relief package, as well as the US Federal Reserve's carefully orchestrated approach to monetary easing and ultralow interest-rate policy. However, the rally was restrained somewhat by growing concerns over US debt levels, equity valuations and inflation expectations.

REVIEW OF THE TARGET FUND PERFORMANCE DURING THE PERIOD**QUARTERLY KEY PERFORMANCE DRIVERS**

	Stocks	Sectors
Helped	Apple Inc.	Consumer Staples (Stock Selection)
	Novavax, Inc.	-
	Coupang, Inc. Class A	-
Hurt	CoStar Group, Inc.	Industrials (Stock Selection)
	ServiceNow, Inc.	Information Technology (Stock Selection)
	Verisk Analytics Inc	Health Care (Stock Selection)

In the industrials sector, an offer by CoStar Group to acquire a residential real estate analytics company put pressure on the shares of the commercial real estate information leader. With this acquisition, CoStar Group will have access to one of the most valuable residential real estate data sets, which could be a long-term growth opportunity for the company, in our view.

Also in the industrials sector, data analytics provider Verisk Analytics reported weaker-than-expected fourth-quarter 2020 financial results due, in part, to COVID-19 headwinds in its energy and financials businesses. Longer term, we believe secular growth for the company can be driven by expanding usage of current digital solutions amongst its existing client base, the development of new products, and expansion into adjacent markets.

In contrast, positive COVID-19 vaccine test results pushed higher the shares of Novavax in the health care sector. We believe Novavax has developed a best-in-class vaccine that has strong efficacy, including against new variants, and better safety and tolerability than its competitors.

OUTLOOK & STRATEGY

Growth expectations for the US economy have continued to accelerate with the rollout of more fiscal stimulus and the increase in production and distribution of COVID-19 vaccines. As a result, inflation concerns and rising bond yields have led to volatility in financial markets, which is not unusual given the many variables.

MANAGER'S REPORT (CONTINUED)

We continue to monitor financial market uncertainties but resist the temptation to trade on short-term news flow or emotions. Instead, our active, flexible investment style allows us to seek out what we consider to be high-quality, innovative companies that are leaders in their industries and operate with superior management and strong balance sheets.

Some of the biggest investment opportunities we see involve digital innovation in industries beyond technology. The communication services and consumer discretionary sectors have been direct beneficiaries of the shift to working from home and e-commerce. We also see drivers of value creation in industries including health care, fintech (financial technology), consumer retail and manufacturing, with innovative technology bringing those industries up to speed and into a more competitive position for the global landscape.

Our focus is on finding what we view to be quality companies with robust competitive advantages, strong balance sheets and high free cash flows that can weather a severe economic downturn as well as increased market and economic volatility. We take a long-term view and see volatility as presenting potential opportunities to take advantage of what we consider good prices for excellent companies set to benefit from notable secular growth trends.

Asset Breakdown as at end March 2021*	
Equity	99.97%
Cash & Cash Equivalents	0.03%

*The data relates to the Target Fund

FRANKLIN U.S. OPPORTUNITIES FUND

MANAGER'S REPORT (CONTINUED)

CUMULATIVE RETURNS AS OF 31 MARCH 2021**

	Currency	3 Months	1 Year	3 Years	5 years	Since Commencement ***
Franklin U.S. Opportunities Fund – MYR Share Class	MYR	-2.35%	57.18%	65.64%	129.41%	190.35%
Franklin U.S. Opportunities Fund – USD Share Class	USD	-2.57%	57.05%	67.35%	129.97%	147.58%
Franklin Templeton Investment Funds – Franklin U.S. Opportunities Fund (the “Target Fund”)	USD	-2.12%	62.22%	79.60%	157.76%	232.78%
Russell 3000 Growth Index (the Fund's benchmark)	USD	1.19%	64.31%	83.32%	158.03%	251.10%

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**Source: Franklin Templeton. Source for benchmark: FTSE. Important data provider notices and terms available at www.franklintempletondatasources.com

***Commencement date for the Fund's MYR share class is 22 May 2013, while for the Fund's USD share class is 3 December 2013. Since commencement performance of the Target Fund and the benchmark are based on 22 May 2013.

Indexes are unmanaged and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

Statement on Soft Commission

The Manager and the Trustee will not retain any rebates from, or otherwise share in, any commission with any dealer in consideration for directing dealings in the investments of the Fund. The Manager retains soft commissions received from brokers only if the goods and services are of demonstrable benefits to the unitholders as allowed under the regulations.

FRANKLIN U.S. OPPORTUNITIES FUND

**III. STATEMENT BY THE MANAGER AND UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 31 MARCH 2021**

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FRANKLIN U.S. OPPORTUNITIES FUND

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

	Note	31 Mar 2021 RM	30 Sep 2020 RM
CURRENT ASSETS			
Financial assets at fair value through profit or loss	1	478,407,571	348,792,873
Derivative financial instruments	2	-	1,068,738
Due from Manager	3	6,291,195	7,940,860
Cash and cash equivalents	4	9,444,649	5,244,266
TOTAL ASSETS		494,143,415	363,046,737
CURRENT LIABILITIES			
Derivative financial instruments	2	420,448	-
Due to Manager	3	209,787	5,076,098
Due to the Manager of the Target Fund	5	3,952,867	2,835,009
Accrued management fee	6	692,122	449,254
Accrued trustee fee	7	19,775	12,836
Other payables and accruals		20,419	21,063
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		5,315,418	8,394,260
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		488,827,997	354,652,477
REPRESENTED BY:			
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS			
– MYR CLASS	8(a)	397,173,720	300,718,993
– USD CLASS	8(b)	91,654,277	53,933,484
		488,827,997	354,652,477
NUMBER OF UNITS IN CIRCULATION			
– MYR CLASS	8(a)	380,179,820.55	309,897,446.26
– USD CLASS	8(b)	24,820,455.42	15,669,754.71
NET ASSET VALUE PER UNIT			
– MYR CLASS		RM 1.0447	RM 0.9704
– USD CLASS		USD 0.8909	USD 0.8288

The accompanying notes form an integral part of these financial statements.

FRANKLIN U.S. OPPORTUNITIES FUND

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 31 MARCH 2021**

		1 Oct 2020 to 31 Mar 2021 RM	1 Oct 2019 to 31 Mar 2020 RM
	Note		
INVESTMENT INCOME/(LOSS)			
Interest income		5,541	5,365
Net gain/(loss) from financial assets at fair value through profit or loss	1	32,072,965	(4,073,585)
Net loss from derivative financial instruments	2	(427,540)	(5,130,526)
Net foreign currency exchange loss		(95,100)	(7,506)
		<u>31,555,866</u>	<u>(9,206,252)</u>
EXPENSES			
Management fee	6	3,451,730	1,582,771
Trustee fee	7	98,621	45,222
Audit fee		4,684	4,656
Professional fee		2,801	2,809
Custodian fee		5,287	5,244
Printing fee		4,617	15,855
		<u>3,567,740</u>	<u>1,656,557</u>
NET INCOME/(LOSS) BEFORE TAXATION		27,988,126	(10,862,809)
Taxation		-	-
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		27,988,126	(10,862,809)
Increase/(decrease) in net assets attributable to unit holders comprises the following:			
Realised amount		32,519,591	8,319,638
Unrealised amount		(4,531,465)	(19,182,447)
		<u>27,988,126</u>	<u>(10,862,809)</u>

The accompanying notes form an integral part of these financial statements.

FRANKLIN U.S. OPPORTUNITIES FUND

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 31 MARCH 2021**

	1 Oct 2020 to 31 Mar 2021 RM	1 Oct 2019 to 31 Mar 2020 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	354,652,477	155,766,797
Movement due to units created and cancelled during the financial period:		
Creation of units	510,451,905	191,142,818
Cancellation of units	<u>(404,264,511)</u>	<u>(163,742,041)</u>
	<u>106,187,394</u>	<u>27,400,777</u>
Increase/(decrease) in net assets attributable to unit holders during the financial period	<u>27,988,126</u>	<u>(10,862,809)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD	<u>488,827,997</u>	<u>172,304,765</u>

The accompanying notes form an integral part of these financial statements.

FRANKLIN U.S. OPPORTUNITIES FUND

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 31 MARCH 2021

	Note	1 Oct 2020 to 31 Mar 2021 RM	1 Oct 2019 to 31 Mar 2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sales of financial assets at fair value through profit or loss		263,351,507	126,073,277
Payment for purchase of financial assets at fair value through profit or loss		(359,918,664)	(151,803,874)
Settlement of derivative financial instruments		1,061,646	(4,983,609)
Interest income received		5,541	5,365
Management fee paid		(3,208,862)	(1,539,515)
Trustee fee paid		(91,682)	(43,985)
Audit fee paid		(9,434)	(9,434)
Custodian fee paid		(5,287)	(5,244)
Printing fee paid		(3,312)	(9,586)
Net cash used in operating activities		(98,818,547)	(32,316,605)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		512,104,767	200,094,424
Payments for cancellation of units		(409,130,853)	(162,237,348)
Net cash generated from financing activities		102,973,914	37,857,076
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,155,367	5,540,471
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		5,244,266	1,176,576
EFFECTS OF UNREALISED FOREIGN EXCHANGE		45,016	(67,780)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	4	9,444,649	6,649,267

The accompanying notes form an integral part of these financial statements.

FRANKLIN U.S. OPPORTUNITIES FUND

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 31 MARCH 2021

1. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 Mar 2021 RM	30 Sep 2020 RM
Financial assets at fair value through profit or loss:		
- Foreign collective investment scheme	<u>478,407,571</u>	<u>348,792,873</u>
	1 Oct 2020 to 31 Mar 2021 RM	1 Oct 2019 to 31 Mar 2020 RM
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain on disposals	35,161,521	14,895,277
- Unrealised fair value loss	<u>(3,088,556)</u>	<u>(18,968,862)</u>
	<u>32,072,965</u>	<u>(4,073,585)</u>

Foreign collective investment scheme

Name of collective investment scheme	Quantity	Value	Percentage of net asset value
31 Mar 2021	Units	RM	%
<u>Luxembourg</u>			
Target Fund - Cost		435,833,686	
Accumulated unrealised gain on financial assets at fair value through profit or loss		<u>42,573,885</u>	
Quantity/Market Value	<u>2,871,094</u>	<u>478,407,571</u>	<u>97.87</u>

Name of collective investment scheme	Quantity	Value	Percentage of net asset value
30 Sep 2020	Units	RM	%
<u>Luxembourg</u>			
Target Fund - Cost		303,130,432	
Accumulated unrealised gain on financial assets at fair value through profit or loss		<u>45,662,441</u>	
Quantity/Market Value	<u>2,277,271</u>	<u>348,792,873</u>	<u>98.35</u>

FRANKLIN U.S. OPPORTUNITIES FUND**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 31 MARCH 2021****2. DERIVATIVE FINANCIAL INSTRUMENTS****Foreign currency swap**

As at 31 March 2021, there is 1 (30 September 2020: 1) foreign currency swap outstanding. The notional principal amount of the outstanding foreign currency swap amounted to RM378,769,059 (30 September 2020: RM285,486,601).

The foreign currency swap entered into during the financial period was for hedging against the currency exposure arising from the investment in the foreign collective investment scheme denominated in US Dollar.

	31 Mar 2021 RM	30 Sep 2020 RM
Financial assets at fair value through profit or loss		
- Foreign currency swap	-	1,068,738
Financial liabilities at fair value through profit or loss		
- Foreign currency swap	420,448	-

As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the foreign currency swap is recognised immediately in the statement of comprehensive income during the financial period.

Net fair value loss on the foreign currency swap at fair value through profit or loss is as follows:

	1 Oct 2020 to 31 Mar 2021 RM	1 Oct 2019 to 31 Mar 2020 RM
Net realised gain/(loss) on foreign currency swap	1,061,646	(4,983,609)
Net unrealised loss on foreign currency swap	(1,489,186)	(146,917)
	(427,540)	(5,130,526)

3. DUE FROM/TO MANAGER

	31 Mar 2021 RM	30 Sep 2020 RM
Creation of units	6,291,195	7,940,860
Redemption of units	209,787	5,076,098

The above represents amount receivable from/payable to the Manager respectively for units created/redeemed.

The normal settlement period for creation and redemption of units is three business days.

FRANKLIN U.S. OPPORTUNITIES FUND

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 31 MARCH 2021

4. CASH AND CASH EQUIVALENTS

	31 Mar 2021 RM	30 Sep 2020 RM
Bank balances in a licensed financial institution	<u>9,444,649</u>	<u>5,244,266</u>

5. DUE TO THE MANAGER OF THE TARGET FUND

	31 Mar 2021 RM	30 Sep 2020 RM
Amount due to Target Fund Manager	<u>3,952,867</u>	<u>2,835,009</u>

The amount due to the Target Fund Manager was for the purchase of investment where settlement was not due.

The normal trade settlement period term is three business days.

6. ACCRUED MANAGEMENT FEE

	Expense		Accrual	
	1 Oct 2020 to 31 Mar 2021 RM	1 Oct 2019 to 31 Mar 2020 RM	31 Mar 2021 RM	30 Sep 2020 RM
Management fee	<u>3,451,730</u>	<u>1,582,771</u>	<u>692,122</u>	<u>449,254</u>

For the current and prior comparative periods, the Manager is entitled to receive a fee of 1.75% per annum of the net asset value of the Fund.

Management fees are billed and payable monthly in arrears.

7. ACCRUED TRUSTEE FEE

	Expense		Accrual	
	1 Oct 2020 to 31 Mar 2021 RM	1 Oct 2019 to 31 Mar 2020 RM	31 Mar 2021 RM	30 Sep 2020 RM
Trustee fee	<u>98,621</u>	<u>45,222</u>	<u>19,775</u>	<u>12,836</u>

For the current and prior comparative periods, the Trustee is entitled to receive a fee of 0.05% per annum of the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum.

Trustee fees are billed and payable monthly in arrears.

FRANKLIN U.S. OPPORTUNITIES FUND

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 31 MARCH 2021

8. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

(a) MYR CLASS

	31 Mar 2021		30 Sep 2020	
	Number of units	RM	Number of units	RM
Beginning balance	309,897,446.26	300,718,993	144,597,098.86	114,886,621
Creation	438,862,863.84	456,928,451	570,249,258.51	523,067,613
Cancellation	(368,580,489.55)	(383,997,413)	(424,414,323.36)	(390,089,781)
Reinvestment of distributions	-	-	19,465,412.25	17,705,739
Increase in net assets attributable to unit holders	-	23,523,689	-	35,148,801
Closing balance	<u>380,179,820.55</u>	<u>397,173,720</u>	<u>309,897,446.26</u>	<u>300,718,993</u>

(b) USD CLASS

	31 Mar 2021		30 Sep 2020	
	Number of units	RM	Number of units	RM
Beginning balance	15,669,754.71	53,933,484	14,511,618.81	40,880,176
Creation	14,708,235.71	53,523,454	13,264,126.83	42,146,593
Cancellation	(5,557,535.00)	(20,267,098)	(13,677,198.70)	(44,826,956)
Reinvestment of distributions	-	-	1,571,207.77	5,224,250
Increase in net assets attributable to unit holders	-	4,464,437	-	10,509,421
Closing balance	<u>24,820,455.42</u>	<u>91,654,277</u>	<u>15,669,754.71</u>	<u>53,933,484</u>
TOTAL		<u>488,827,997</u>		<u>354,652,477</u>

9. UNITS HELD BY RELATED PARTY

As at 31 March 2021 and 30 September 2020, there are no units held by directors or parties related to the Manager.

FRANKLIN U.S. OPPORTUNITIES FUND**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2020 TO 31 MARCH 2021****10. DISTRIBUTION**

No distribution was declared by the Fund for the financial periods ended 31 March 2021 and 2020.

11. MANAGEMENT EXPENSE RATIO (“MER”)

	1 Oct 2020 to 31 Mar 2021 % p.a.	1 Oct 2019 to 31 Mar 2020 % p.a.
MER	1.81	1.83

The MER of the Fund is the ratio of the sum of annualised fees and expenses incurred by the Fund to the average net asset value of the Fund calculated on a daily basis.

12. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investment to the average net asset value of the Fund calculated on a daily basis is 0.79 times (31 March 2020: 0.76 times).

13. TRANSACTIONS WITH THE TARGET FUND MANAGER

Details of transactions with the Target Fund Manager for the financial periods are as follows:

Target Fund Manager	1 Oct 2020 to 31 Mar 2021		1 Oct 2019 to 31 Mar 2020	
	RM	%	RM	%
Franklin Advisers, Inc.	624,527,503	100.00	274,739,558	100.00

The above transaction values are in respect of transactions in foreign collective investment scheme. Transactions in this investment do not involve any commission or brokerage and all the above transactions have been established under terms that are no less favorable than those arranged with independent third parties.

The Fund is a feeder fund which invests primarily into a Target Fund, hence all transactions were made with the Target Fund Manager.

FRANKLIN U.S. OPPORTUNITIES FUND

STATEMENT BY THE MANAGER

I, Avinash Deepak Satwalekar, being Director of the Manager, Franklin Templeton Asset Management (Malaysia) Sdn. Bhd., for **Franklin U.S. Opportunities Fund** do hereby state that in the opinion of the Manager, the accompanying unaudited statement of financial position, unaudited statement of comprehensive income, unaudited statement of changes in net assets attributable to unit holders and unaudited statement of cash flows are drawn up so as to give a true and fair view of the financial position of the Fund as at 31 March 2021 and the comprehensive income, the changes in net assets attributable to unit holders and cash flows of the Fund for the financial period from 1 October 2020 to 31 March 2021.

Avinash Deepak Satwalekar
For and on behalf of the Manager
Franklin Templeton Asset Management
(Malaysia) Sdn. Bhd.

Kuala Lumpur, Malaysia
11 May 2021



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